



SAN FRANCISCO PLANNING DEPARTMENT

New Administrative Code Summary

Mills Act Contracts and Fee Reduction

Code Changes: Chapter 71 of the Administrative Code
Case Number: Board File No. 12-0528

Initiated by: Supervisor Wiener

Effective Date: October 11, 2012

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The Way It Was:

Limitations on Eligibility: There was no codified limit on eligibility; however, as a matter of policy eligibility was limited to buildings or structures with a pre-contract assessed valuation of \$3,000,000 or less for residential buildings, and \$5,000,000 or less for commercial or industrial buildings, unless the property is granted an exemption from those limits by the Board of Supervisors. As a matter of policy the Board of Supervisors could grant an exemption from these limitations based on specific criteria.

Loss of Tax Revenue: There was no codified limit on the loss of tax revenue; however, as a matter of policy contracts were required not to cause the cumulative loss of property tax revenue to the City to exceed \$1,000,000 annually.

Deadlines: None. An applicant could file at any time.

Assessor-Recorder's Report: Section 71.4 states that the Assessor-Recorder had 60 days to provide the Board of Supervisors and the Historic Preservation Commission with a report estimating the valuation of the property and the estimated annual tax savings under the Mills Act Contract. If the valuation is complex and the Assessor-Recorder's Office requires additional time, it could extend the review period an additional 60 days provided that the applicant is notified in writing of the extended review time.

Contracts: The City Attorney's Office prepared a contract for each Mills Act application.

Fees: The application fees were \$9,159 for residential properties and \$18,310 for commercial properties.

The Way It Is Now:

There are seven primary amendments to the Mills Act Program:

Eligibility: There was no amendment to the types of properties that may be eligible (“Qualified Historical Property”) for the Mills Act Program; however, properties that are eligible must be listed or designated on or before December 31 of the year before the application is made.

Limitations on Eligibility: Limitations on eligibility are now codified and are no longer policy. The limitations are of the assessed valuation as of December 31 of the year before the application is made. Limitations are \$3,000,000 or less for single-family dwellings and \$5,000,000 or less for multi-unit residential, commercial, or industrial buildings, unless the individual property is granted an exemption from these limitations by the Board of Supervisors.

Deadlines: The annual application deadline to the Planning Department will be May 1. Applications may be submitted to the Planning Department between January 1 and May 1 of each year. The Planning Department will review all submitted applications between May 1 and June 30. All complete applications will be forwarded to the Assessor-Recorder’s Office by July 1. The revised Mills Act application now includes a process schedule for reference.

Assessor-Recorder’s Report: The same requirements remain in effect; however, if the Assessor-Recorder fails to provide a report and recommendation within the 60 days, the Historic Preservation Commission and Board of Supervisors may proceed with their actions without the report and recommendation.

Contracts: The Planning Department, with the assistance of the City Attorney’s Office, developed and maintains a standardized “Historical Property Contract” for use. It is now included in the Mills Act application. If an owner chooses to develop an independent contract there may be delays in the approval process because the city Attorney must review and approve the draft contract prior to hearing.

Loss of Tax Revenue: To provide greater flexibility in program application, the policy to disapprove applications that result in a cumulative loss of property tax revenue to the City to exceed \$1,000,000 annually is no longer enforced. Beginning on March 31, 2013, and every three years after, the Planning Department and the Assessor-Recorder is required to submit a joint report to the Board of Supervisors and the Historic Preservation Commission and calendar a hearing regarding the status of the Mills Act Program.

Fees: The application fees will be reduced to \$2,500 for residential properties and \$5,000 for commercial properties.

Link to signed legislation:

Board File No. 120528	Ord. No. 0190-12	Administrative, Planning Codes - Historical Property (Mills Act) Contracts and Fee Reduction: http://www.sfbos.org/ftp/uploadedfiles/bdsupvrs/ordinances12/o0190-12.pdf
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