

SAN FRANCISCO PLANNING DEPARTMENT

Executive SummaryConditional Use Authorization and Office Allocation

HEARING DATE: MARCH 15, 2018

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

Reception:

415.558.6378

Fax: **415.558.6409**

Planning Information: 415.558.6377

Date: March 8, 2018

Case No.: 2017-011465CUA/OFA
Project Address: 945 MARKET STREET
Zoning: C-3-R (Downtown, Retail)

C-3-G (Downtown General Commercial)

120-X Height and Bulk District

Block/Lot: 3704/240

Project Sponsor: MSP Property, LLC

Attn: Jeff Coker, Cypress Equities 8343 Douglas Ave., Suite 200

Dallas, TX 75225

Staff Contact: Claudine Asbagh – (415) 558-6377

Claudine.Asbagh@sfgov.org

BACKGROUND

The existing retail building was approved by the Planning Commission on July 8, 2010. Motion Nos. 18156 (Downtown Project Authorization) and 18137 (Conditional Use Authorization) authorized the construction of a 5-story, 90-feet-tall, approximately 375,700-square-foot retail shopping center building with 167 independently-accessible off-street parking spaces (approximately 76,295 square feet) at 945 Market Street. A site permit to construct the new building was issued by the Department of Building Inspection (DBI) on December 27, 2012, and a Certificate of Final Completion was issued on March 27, 2017 (DBI Application No. 201011084497).

PROJECT DESCRIPTION

The Project Sponsor proposes to convert 47,522 square feet of vacant retail space on the fourth and fifth floors to office use. Retail sales and service uses would remain at basement level 1 through the third floor. Because 1/3 of the site is located within the C-3-R, the project requires a Conditional Use Authorization in addition to an Office Development Allocation.

SITE DESCRIPTION AND PRESENT USE

The Project is located on a 46,062 square foot lot on the south side of Market Street between Fifth and Sixth Streets, Block 3704, Lot 240. The development site contains 275 feet of frontage along Market Street and 275 feet of frontage along Stevenson Street. The site is located within the Downtown General Commercial (C-3-G) and the Downtown Retail (C-3-R) Districts and the 120-X Height and Bulk District. The project site is located within the Downtown Plan Area.

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SURROUNDING PROPERTIES AND NEIGHBORHOOD

The project site is in the C-3-G (Downtown General Commercial) and C-3-R (Downton Retail) Zoning Districts. Other zoning districts in the vicinity include: RC-4 (Residential-Commercial, High Density) to the north, SoMa NCT (SoMa Neighborhood Commercial Transit District) to the southwest, and C-3-S (Downtown Support) to the south and southeast. The property is located in the Mid-Market neighborhood. The Hallidie Plaza – Powell Street transit station is about one block to the northeast. The Project site is served by San Francisco Municipal Railway (MUNI) bus and streetcar lines along Market Street, MUNI bus lines along Fifth and Mission Streets, and MUNI Metro and Bay Area Rapid Transit (BART) through the Powell Street station at Fifth and Market Streets. Other uses in the vicinity include hotel, retail, restaurant, office and residential uses. Buildings with office or residential use above ground floor commercial are common.

ENVIRONMENTAL REVIEW

On July 8, 2010, a Final Environmental Impact Report (FEIR) was certified for the proposed five-story, retail shopping center at the Property.

On March 2, 2018, the Department issued a memorandum "Note to File" documenting the prior environmental review under the California Environmental Quality Act ("CEQA"). The memorandum describes the prior environmental review and evaluates the conversion of 47,522 square feet of retail space at the Property to office. The memorandum concludes that the Project would not result in any potentially significant environmental impacts, or in any substantial increase in severity of identified significant effects, not already considered by the FEIR, and therefore, that no subsequent environmental review for this Project is warranted. The file for the Project is available at the San Francisco Planning Department, 1650 Mission Street, Suite 400, San Francisco, CA.

HEARING NOTIFICATION

TYPE	REQUIRED PERIOD	REQUIRED NOTICE DATE	ACTUAL NOTICE DATE	ACTUAL PERIOD
Classified News Ad	20 days	February 23, 2018	February 21, 2018	21 days
Posted Notice	20 days	February 23, 2018	February 23, 2018	20 days
Mailed Notice	20 days	February 23, 2018	February 23, 2018	20 days

PUBLIC COMMENT

To date, the Department has received one letter of support for the project.

ISSUES AND OTHER CONSIDERATIONS

<u>Conditional Use Authorization</u>: The project would convert approximately 47,522 square feet of vacant commercial space at the fourth and fifth floors to a Non-Retail Sales and Service Use (general office). Because approximately 1/3 of the site falls within the C-3-R District, a Conditional Use Authorization is required.

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The Department has been working with Office of Economic and workforce Development to create policies regarding conversions from retail to general office uses within the C-3-R and has recommended regulations based on use size and location. While those policies are still being formulated, the Department supports the proposal for the following reasons:

- While the conversion creates a large office floor plate, the portion of the office located within the C-3-R is relatively small, and has been located at the upper floors.
- The building has been vacant since completing construction despite concerted efforts to obtain retail tenants.
- The creation of office at the 4th and 5th floors will provide a good mix of uses within the building, and could help support future retail within the building, as well as in the general project vicinity.
- The establishment of office will not displace any retail or other principally permitted uses.

Office Development Authorization: The proposed project includes the establishment of approximately 47,522 square feet of office use. The Project's proposed office use within two-thirds of the building is principally permitted in the C-3-G zoning district, and the office use located in the C-3-R District is permitted with a Conditional Use Authorization which the Department supports as mentioned above. As of January 26, 2018, 1,015,880 gross square feet of "Small Cap" Office Development was available under the Section 321 office allocation program.

REQUIRED COMMISSION ACTION

In order for the project to proceed, the Commission must grant Conditional Use Authorization pursuant to Planning Code Sections 303 and 210.2 to establish Non-Retail Sales and Service Use (general office) at the fourth and fifth floors of 945 Market Street, and an Office Development Allocation pursuant to Planning Code Sections 303 and 321.

Attachments:

Draft Motions
Block Book Map
Sanborn Map
Aerial Photograph
Zoning Map
Site Photos
Environmental Note to File (2018)
Project Sponsor Package Submittal
Plan Submittal

Attachment Checklist

Executive Summary	Project sponsor submittal		
Draft Motion	Drawings: Existing Conditions		
Environmental Determination	Check for legibility		
Zoning District Map	Drawings: Proposed Project		
Height & Bulk Map	Check for legibility		
Parcel Map	3-D Renderings (new construction or significant addition)		
Sanborn Map	Check for legibility		
Aerial Photo	Wireless Telecommunications Materials		
Context Photos	Health Dept. review of RF levels		
Site Photos	RF Report		
	Community Meeting Notice		
Exhibits above marked with an "X" are included in this packet			
	Planner's Initials		



SAN FRANCISCO PLANNING DEPARTMENT

Subject to: (Select only if applicable)

- ☐ Affordable Housing (Sec. 415)
- Jobs Housing Linkage Program (Sec. 413)
- ☐ Downtown Park Fee (Sec. 412)
- ☐ First Source Hiring (Admin. Code)
- Child Care Requirement (Sec. 414)
- ☐ Other (TSF)

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Draft Planning Commission Motion Conditional Use Authorization

HEARING DATE: MARCH 15, 2018

Case No.: 2017-011465<u>CUA</u>/OFA
Project Address: 945 Market Street

Zoning: Downtown General Commercial (C-3-G) Zoning District

Downtown Retail Core (C-3-R) Zoning District

120-X Height and Bulk District

Block/Lot: 3704/240

Project Sponsor: MSP Property, LLC

Attn: Jeff Coker, Cypress Equities 8343 Douglas Ave., Suite 200

Dallas, TX 75225

Staff Contact: Claudine Asbagh – (415) 558-6377

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ADOPTING FINDINGS RELATING TO THE APPROVAL OF A CONDITIONAL USE AUTHORIZATION PURSUANT TO PLANNING CODE SECTIONS 210.2 AND 303 TO ALLOW A NON-RETAIL SALES AND SERVICE (OFFICE) USE WITHIN AN EXISTING BUILDING AT 945 MARKET STREET, LOT 240 IN ASSESSOR'S BLOCK 3704, WITHIN THE C-3-G (DOWNTOWN GENERAL COMMERCIAL) DISTRICT AND THE C-3-R (DOWNTOWN RETAIL) DISTRICT AND A 120-X HEIGHT AND BULK DISTRICT. THE PROPOSAL WOULD CONVERT 47,522 SQUARE FEET OF VACANT RETAIL USE AT THE FOURTH AND FIFTH FLOORS OF 945 MARKET STREET TO OFFICE USE.

PREAMBLE

On December 6, 2017, MSP Property, LLC (hereinafter "Project Sponsor") filed applications with the Planning Department (hereinafter "Department") for a Conditional Use Authorization and Office Allocation Authorization pursuant to Planning Code Section 303 and 321 to establish office use within the existing five-story over basement building at 945 Market Street, within the C-3-G (Downtown General Commercial) District and the C-3-R (Downtown Retail) District and a 120-X Height and Bulk District (the "Project"). The Project would convert 47,522 square feet of existing vacant retail space on the fourth floor and above to office use. The existing retail use on all other floors would remain.

On July 8, 2010, the Planning Commission adopted Motion Nos. 18156 (Downtown Project Authorization) and 18137 (Conditional Use Authorization), authorizing the construction of a five-story, 90-feet-tall, approximately 375,000-square-foot retail shopping center with 76,295 square feet of below-grade parking at 945 Market Street.

On July 8, 2010, a Final Environmental Impact Report (FEIR) was certified for the proposed five-story, retail shopping center at the Property.

On March 2, 2018, the Department issued a memorandum "Note to File" documenting the prior environmental review under the California Environmental Quality Act (CEQA). The memorandum describes the prior environmental review and evaluates the conversion of 47,522 square feet of retail space at the Property to office. The memorandum concludes that the Project would not result in any potentially significant environmental impacts, or in any substantial increase in severity of identified significant effects, not already considered by the FEIR, and therefore, that no subsequent environmental review for this Project is warranted. The file for the Project is available at the San Francisco Planning Department, 1650 Mission Street, Suite 400, San Francisco, CA.

On March 15, 2018, the Commission conducted a duly noticed public hearing at a regularly scheduled meeting on Conditional Use Application No. 2017-011465<u>CUA</u>/OFA.

The Commission has heard and considered the testimony presented to it at the public hearing and has further considered written materials and oral testimony presented on behalf of the applicant, Department staff, and other interested parties.

MOVED, that the Commission hereby authorizes the Conditional Use Authorization requested in Application No. 2017-011465CUA, subject to the conditions contained in "EXHIBIT A" of this motion, based on the following findings:

FINDINGS

Having reviewed the materials identified in the preamble above, and having heard all testimony and arguments, this Commission finds, concludes, and determines as follows:

- 1. The above recitals are accurate and constitute findings of this Commission.
- 2. **Site Description and Present Use.** The Project is located on a 46,062 square foot lot on the south side of Market Street between Fifth and Sixth Streets, Block 3704, Lot 240. The development site contains 275 feet of frontage along Market Street and 275 feet of frontage along Stevenson Street. The site is located within the Downtown General Commercial (C-3-G) and the (C-3-R) Downtown Retail Districts and the 120-X Height and Bulk District. The project site is located within the Downtown Plan Area.

The site is occupied by a single retail building that was approved by the Planning Commission on July 8, 2010. It consists of five-story building over a three-level basement, with approximately 535,563 square feet, 166 off-street parking spaces, 7 car share spaces, 4 loading spaces, 52 Class I bicycle parking spaces and 18 Class II bicycle parking spaces. The two below-grade parking levels are operational, but the retail spaces above have been vacant since completion.

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- 3. Surrounding Properties and Neighborhood. The project site is in the C-3-G (Downtown General Commercial) and C-3-R (Downton Retail) Zoning Districts. Other zoning districts in the vicinity include: RC-4 (Residential-Commercial, High Density) to the north, SoMa NCT (SoMa Neighborhood Commercial Transit District) to the southwest, and C-3-S (Downtown Support) to the south and southeast. The property is located in the Mid-Market neighborhood. The Hallidie Plaza Powell Street transit station is about one block to the northeast. The Project site is served by San Francisco Municipal Railway (MUNI) bus and streetcar lines along Market Street, MUNI bus lines along Fifth and Mission Streets, and MUNI Metro and Bay Area Rapid Transit (BART) through the Powell Street station at Fifth and Market Streets. Other uses in the vicinity include hotel, retail, restaurant, office and residential uses. Buildings with office or residential use above ground floor commercial are common.
- 4. **Project Description.** The proposal would convert 47,522 square feet of vacant retail use at the fourth floor and above at 945 Market Street to office. The existing retail space on the first basement level and the first through third floors would remain entirely intact.
- 5. **Public Comment.** To date, the Department has received one letter of support for the project.
- 6. **Planning Code Compliance.** The Commission finds that the Project is consistent with the relevant provisions of the Planning Code in the following manner:
 - **A.** Floor Area Ratio. Planning Code Section 124 establishes a Floor Area Ratio (FAR) of 6.0 to 1 for properties with the C-3-G and C-3-R Zoning Districts. The FAR can be increased to 9.0 to 1 with the purchase of Transferrable Development Rights (TDR).
 - The existing building consists of 264,442 square feet of existing retail space. The Project proposes to convert 47,522 square feet of that retail space to office. No expansion of the existing building is proposed and so the Project complies with the FAR requirement.
 - **B.** Use. Per Planning Code Section 210.2, within the C-3-R Zoning District, Non-Retail Sales and Service uses require a Conditional Use Authorization if larger than 5,000 gross square feet in size or located above the ground floor. Non-Retail Sales and Service uses are principally permitted above the ground floor in the C-3-G Zoning District.
 - The project proposes to convert 47,522 square feet of vacant retail space at the fourth and fifth floors to a Non-Retail Sales and Service Use (office) and therefore, a Conditional Use Authorization is required for the portion of the project that falls within the C-3-R zoning district. Conformance with the specified criteria is discussed under item #8 below.
 - C. Pedestrian Streetscape Improvements. Planning Code Section 138.1 requires project sponsors to make streetscape improvements where the proposed project includes the construction of a new building, substantial alterations to an existing building, or the addition of floor area equal to 20 percent or more of an existing building.
 - The required streetscape improvements were made when the building was constructed and will remain. As such, no further pedestrian streetscape improvements are required.
 - **D. Street Frontage.** Per Planning Code Section 145.1, the treatment of the street frontages shall be designed to preserve, enhance and promote attractive, clearly defined street frontages

that are pedestrian-oriented, fine-grained, and which are appropriate and compatible with the buildings and uses in the Commercial districts. The Planning Code requires that 60 percent of the building perimeter at the ground floor be transparent and the first 25 feet of the ground floor to be devoted to active uses. Spaces such as lobbies are considered active uses only if they do not exceed 40 feet and spaces such as restrooms, bike parking, and other service areas are not considered "active uses."

As proposed, the Project's street-facing ground floor frontages would continue to be devoted to retail uses. The entire Market Street retail frontage of the building is fenestrated with transparent windows and doorways and the entire depth of the ground floor is devoted to active rentable retail use. Thus, the Market Street frontage complies with Section 145.1. The existing level of transparency on the Property's Stevenson Street frontage would be maintained as well.

The conversion to office at the fourth floor and above would not create a substantive change to the public realm as no exterior alterations to the existing structure are proposed.

E. Off-Street Parking. Planning Code Section 151.1 does not require that any off-street parking be provided, but instead provides maximum parking amounts based on land use type. Non-residential uses in C-3 districts can include parking areas that are up to 7% the gross floor area of the non-residential uses.

The existing building includes 166 parking spaces and 7 car share spaces in 72,076 square feet of below-grade parking area, below the 76,295 square feet authorized by the Planning Commission when the building was approved in 2010. (PC Motion No. 18156.) The Project does not propose to add any additional parking and conforms to the 2010 approval.

F. Loading. Section 152.1 requires off-street freight loading spaces for uses that exceed certain thresholds. For non-retail sales and services uses, 0.1 space per 10,000 square feet of occupied floor area is required. For retail sales and service uses, more than 50,000 square feet of occupied floor area requires 1 loading space for every 25,000 square feet of occupied floor area.

The establishment of 47,522 square feet of office does not require any loading spaces, thus the project complies with Section 152.1.

G. Bicycle Parking. For projects proposing a change of use, Planning Code Section 155.2 requires new bicycle parking spaces if the change would increase the number of total required bicycle parking spaces by 15 percent or more. Retail sales and services uses require one Class 1 space for every 7,500 square feet of occupied floor area. For uses larger than 50,000 square feet, 10 Class 2 spaces plus one Class 2 space for every additional 10,000 square feet are required. Office uses require one Class 1 space for every 5,000 square feet of occupied floor area, and two Class 2 spaces for any office use greater than 5,000 square feet, plus one Class 2 space for each additional 50,000 square feet.

With the existing configuration, 253,567 square feet of occupied retail floor area would require 34 Class 1 and 30 Class 2 bicycle parking spaces (64 total spaces). With the proposed changes of use, 215,444 square feet of retail occupied floor area would require 29 Class 1 bicycle spaces and 27 Class 2 spaces; and 47,170 square feet of office occupied floor area would require 9 Class 1 spaces and 2 Class 2 spaces (38 Class 1 and 29 Class 2 spaces; 67 total spaces). Thus, the change of use would increase the number of total required bicycle parking spaces by three spaces, or 4.5%. Because this is below the 15% threshold that triggers the need for additional bike parking, the Project complies with this requirement.

- **H. Shower Facilities and Lockers.** Planning Code Section 155.4 requires certain uses to provide shower and clothes locker facilities for short-term use of the tenants and employees in that building. Retail sales and service uses require two showers and 12 clothes lockers where the occupied floor area exceeds 50,000 square feet. Non-retail sales uses require two showers and 12 clothes lockers where the occupied floor area exceeds 20,000 square feet but is not greater than 50,000 square feet.
 - 215,444 occupied square feet of retail use requires two showers and 12 clothes lockers and 47,170 occupied square feet of office space requires two showers and 12 clothes lockers. The existing building currently has four showers and 24 clothes lockers, and thus complies with this requirement.
- I. Car Share Parking. Planning Code Section 166 requires car share spaces in newly constructed buildings containing residential uses or existing buildings being converted to residential use, or in newly constructed buildings containing parking for non-residential uses.
 - The Project does not include any residential uses and does not propose the construction of a new non-residential building, therefore this requirement does not apply. However, the building currently contains 7 car share spaces which will be maintained.
- **J. Office Development Authorization**. Planning Code Section 321 establishes the requirements for an Office Development Authorization from the Planning Commission for new office space between 25,000 and 49,999 square feet.
 - The Project proposes to establish 47,522 square feet of office, and therefore, requires an Office Development Allocation. The proposed project has requested an Office Development Authorization for up to 47,522 gross square feet of new office space from the Planning Commission as part of the related Case No. 2017-0114650FA.
- 7. **Planning Code Section 303** establishes criteria for the Planning Commission to consider when reviewing applications for Conditional Use approval. On balance, the project does comply with said criteria in that:
 - A. The proposed new uses and building, at the size and intensity contemplated and at the proposed location, will provide a development that is necessary or desirable, and compatible with, the neighborhood or the community.
 - The proposed Project is necessary and desirable for, and compatible with, the neighborhood and the community. 945 Market Street is located in an area primarily characterized by a mix of retail, residential, hotel, and office uses. Approximately 1/3 of the site falls within C-3-R district—the remainder of the property is within the C-3-G district, where office is principally permitted above the ground floor. Allowing the establishment of office at this location will help provide a transition between the C-3-R and C-3-G Districts without displacing established retail. Additionally, the project is suitable for its location in that it has direct access to public transit and would provide convenient service and retail options for office workers, as well as opportunities for small businesses serving these workers.

The Project sponsor proposes to maintain full retail use on the first basement level, and the first, second, and third floors, while continuing to maintain partial retail use on the fourth floor and above.

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The Project will contribute 47,522 square feet of new office space, activating a vacant Market Street frontage and bring potential new customers for existing businesses.

- B. The proposed project will not be detrimental to the health, safety, convenience or general welfare of persons residing or working in the vicinity. There are no features of the project that could be detrimental to the health, safety or convenience of those residing or working the area, in that:
 - Nature of proposed site, including its size and shape, and the proposed size, shape and arrangement of structures;
 - The Project would create new office space without potential adverse effects to the health, safety, convenience, or general welfare of persons in the vicinity attributable to large-scale new construction projects. The Project proposes no exterior alteration to the size, shape, or structure of the existing building.
 - ii. The accessibility and traffic patterns for persons and vehicles, the type and volume of such traffic, and the adequacy of proposed off-street parking and loading;
 - The Project would not adversely affect public transit or overburden the existing supply of parking in the neighborhood because the project site is well-served by public transit and includes sufficient parking on site to accommodate the existing and proposed mix of uses.
 - The Property is located within a block of the Powell Street MUNI and BART stations, and in close proximity to several MUNI bus lines that run along the Market Street corridor (including the F, 5, 6, 7, and 9 lines). The provision of bicycle storage areas with close proximity to mass transit is anticipated to encourage employees and visitors to use alternate modes of transportation.
 - iii. The safeguards afforded to prevent noxious or offensive emissions such as noise, glare, dust and odor;
 - The Project will not produce, or include any permanent uses that generate, substantial levels of noxious or offensive emissions, such as noise, dust, glare, or odor, nor does it involve any new construction or additions.
 - iv. Treatment given, as appropriate, to such aspects as landscaping, screening, open spaces, parking and loading areas, service areas, lighting and signs;
 - The Project consists only of an interior change of use to an existing building and no exterior alterations will be made to the buildings' design.
- C. That the use as proposed will comply with the applicable provisions of the Planning Code and will not adversely affect the General Plan.
 - The Project complies with all relevant requirements and standards of the Planning Code and is consistent with objectives and policies of the General Plan as detailed below.
- D. That the use as proposed would provide development that is in conformity with the purpose of the applicable Neighborhood Commercial District.

The Project is not located within a Neighborhood Commercial District.

8. **General Plan Compliance.** The Project is, on balance, consistent with the following Objectives and Policies of the General Plan:

DOWNTOWN PLAN AREA

Objectives and Policies

OBJECTIVE 2:

MAINTAIN AND IMPROVE SAN FRANCISCO'S POSITION AS A PRIME LOCATION FOR FINANCIAL, ADMINISTRATIVE, CORPORATE AND PROFESSIONAL ACTIVITY.

Policy 2.1:

Encourage prime downtown office activities to grow as long as undesirable consequences of such growth can be controlled.

The Project would add office space to a location that is well-served by existing and future public transit options, and is within walking distance to a diversity of goods and services available for employees of office tenants. The new office use at the Property will likely draw tenants whose employees do not rely on private vehicles, and many employees will be able to walk to the Property from SoMa, Downtown, and Tenderloin neighborhoods. The Project's location and proximity to public transit encourage growth while limiting potential impacts on traffic.

Policy 2.2:

Guide location of office development to maintain a compact downtown core and minimize displacement of other uses.

The Project will maintain and improve San Francisco's position as a prime location for financial, administrative, corporate and professional services. The Project will help expanding companies stay in San Francisco and encourage new companies to open offices here, thereby supporting the City's economic vitality. Further, the Project would not displace any existing uses as spaces proposed for conversion to office are vacant, and approximately 216,920 square feet of retail space would remain.

OBJECTIVE 3:

IMPROVE DOWNTOWN SAN FRANCISCO'S POSITION AS THE REGION'S PRIME LOCATION FOR SPECIALIZED RETAIL TRADE.

Policy 3.1:

Maintain high quality, special retail shopping facilities in the retail core.

The Project will maintain high quality, special retail shopping facilities in the retail core by entirely dedicating the first basement level and the first, second, and third floors to retail and maintaining partial retail use on the fourth and fifth floors.

Policy 3.4:

Limit the amount of downtown retail space outside the retail district to avoid detracting from its economic vitality.

The majority of the Property is located outside the retail district in the C-3-G District—where office use on the upper floors is principally permitted—and only 1/3 of the site is within the C-3-R District. The Project would maintain easily accessible, ground floor retail frontage on Market Street, with retail uses occupying the entire first basement level and first, second, and third floors, and partial office uses on the fourth and fifth floors.

COMMERCE AND INDUSTRY ELEMENT

Objectives and Policies

OBJECTIVE 2:

MAINTAIN AND ENHANCE A SOUND AND DIVERSE ECONOMIC BASE AND FISCAL STRUCTURE FOR THE CITY.

Policy 2.1:

Seek to retain existing commercial and industrial activity and to attract new such activity to the City.

Due to its access to public transit, the downtown area has become a highly desirable location for businesses throughout the Bay Area. The Project will provide ideal office space for additional businesses whose employees value transportation options and the cultural amenities available in San Francisco's downtown area. The Project will retain 216,920 square feet of retail space at the Property.

TRANSPORTATION ELEMENT

Objectives and Policies

OBJECTIVE 2

USE THE TRANSPORTATION SYSTEM AS A MEANS FOR GUIDING DEVELOPMENT AND IMPROVING THE ENVIRONMENT.

Policy 2.1

Use rapid transit and other transportation improvements in the city and region as the catalyst for desirable development and coordinate new facilities with public and private development.

The Project is located on Market Street and within a block of the Powell Street BART and MUNI station. In addition to BART and the MUNI light rail, employees at the building would have easy access to the F Market Street Car, Powell Street Cable Car, and the numerous bus lines that run along and across Market Street in the downtown area. The Property is at a location well-suited for new office uses. Employees at and visitors of the Project will be able to easily walk, take public transit, or ride bicycles to and from the Project Site, which will keep the Project's transit and traffic impacts to a minimum.

- 9. Planning Code Section 101.1(b) establishes eight priority-planning policies and requires review of permits for consistency with said policies. On balance, the project does comply with said policies in that:
 - A. That existing neighborhood-serving retail uses be preserved and enhanced and future opportunities for resident employment in and ownership of such businesses be enhanced.

The site is located in San Francisco's central business district and would make productive use of space within an existing building. The Project will not displace any tenants as the areas proposed for partial conversion to office use are currently vacant.

B. That existing housing and neighborhood character be conserved and protected in order to preserve the cultural and economic diversity of our neighborhoods.

No housing would be removed by the Project. The Project is compatible with the existing and proposed mixed-use character of the downtown area and no exterior changes to the existing building at 945 Market Street are proposed.

C. That the City's supply of affordable housing be preserved and enhanced,

As the Project will not remove affordable housing, the City's supply of affordable housing will be preserved.

D. That commuter traffic not impede MUNI transit service or overburden our streets or neighborhood parking.

The Property, located downtown, is extremely well served by public transit. The Property is within a block of the Powell Street MUNI and BART station, as well as numerous MUNI bus lines running along Market Street. Employees of the new office uses will be able to walk, ride a bicycle, or take public transportation to the Property and other parts of Downtown, avoiding the need for a single-rider, vehicular commute.

E. That a diverse economic base be maintained by protecting our industrial and service sectors from displacement due to commercial office development, and that future opportunities for resident employment and ownership in these sectors be enhanced.

The Property does not contain any industrial uses. The Project's employees will increase the demand for, and patronage of, existing and new retail uses in the building, the immediate Project vicinity, and throughout Downtown.

F. That the City achieve the greatest possible preparedness to protect against injury and loss of life in an earthquake.

The existing building on the Property was recently constructed and conforms to the structural and seismic requirements of the San Francisco Building Code, meeting this policy.

G. That landmarks and historic buildings be preserved.

The existing building was newly constructed and is not considered a landmark or historic resource.

H. That our parks and open space and their access to sunlight and vistas be protected from development.

The Project will not cast net new shadows or impede views for parks and open spaces in the area, nor have any negative impact on existing public parks and open spaces. The new upper level office space will be created entirely within the envelope of the existing building.

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- 10. The Project is consistent with and would promote the general and specific purposes of the Code provided under Section 101.1(b) in that, as designed, the Project would contribute to the character and stability of the neighborhood and would constitute a beneficial development.
- 11. The Commission hereby finds that approval of the Office Allocation authorization would promote the health, safety and welfare of the City.

DECISION

That based upon the Record, the submissions by the Applicant, the staff of the Department and other interested parties, the oral testimony presented to this Commission at the public hearings, and all other written materials submitted by all parties, the Commission hereby **APPROVES Conditional Use Application No. 2017-011465CUA** subject to the following conditions attached hereto as "EXHIBIT A" in general conformance with plans on file, dated February 26, 2018 and stamped "EXHIBIT B", which is incorporated herein by reference as though fully set forth.

APPEAL AND EFFECTIVE DATE OF MOTION: Any aggrieved person may appeal this Conditional Use Authorization to the Board of Supervisors within thirty (30) days after the date of this Motion No. XXXXX. The effective date of this Motion shall be the date of this Motion if not appealed (After the 30-day period has expired) OR the date of the decision of the Board of Supervisors if appealed to the Board of Supervisors. For further information, please contact the Board of Supervisors at (415) 554-5184, City Hall, Room 244, 1 Dr. Carlton B. Goodlett Place, San Francisco, CA 94102.

Protest of Fee or Exaction: You may protest any fee or exaction subject to Government Code Section 66000 that is imposed as a condition of approval by following the procedures set forth in Government Code Section 66020. The protest must satisfy the requirements of Government Code Section 66020(a) and must be filed within 90 days of the date of the first approval or conditional approval of the development referencing the challenged fee or exaction. For purposes of Government Code Section 66020, the date of imposition of the fee shall be the date of the earliest discretionary approval by the City of the subject development.

If the City has not previously given Notice of an earlier discretionary approval of the project, the Planning Commission's adoption of this Motion, Resolution, Discretionary Review Action or the Zoning Administrator's Variance Decision Letter constitutes the approval or conditional approval of the development and the City hereby gives **NOTICE** that the 90-day protest period under Government Code Section 66020 has begun. If the City has already given Notice that the 90-day approval period has begun for the subject development, then this document does not re-commence the 90-day approval period.

I hereby certify that the Planning Commission ADOPTED the foregoing Motion on March 15, 2018.

Jonas P. Ionin Commission S	ecretary
AYES:	
NAYS:	
ABSENT:	
ADOPTED:	March 15, 2018

EXHIBIT A

AUTHORIZATION

This authorization is for a conditional use to allow 47,522 square feet of non-retail sales and services (office space) on the fourth and fifth floors of the existing building at 945 Market Street within the C-3-G (Downtown General Commercial) and C-3-R (Downtown Retail) Districts and a 120-X Height and Bulk District; in general conformance with plans, dated February 26, 2018, and stamped "EXHIBIT B" included in the docket for Case No. 2017-011465CUA/OFA and subject to conditions of approval reviewed and approved by the Commission on March 15, 2018 under Motion No. XXXXXXX. This authorization and the conditions contained herein run with the property and not with a particular Project sponsor, business, or operator.

COMPLIANCE WITH OTHER REQUIREMENTS

The Planning Code Compliance Findings set forth in Motion No. XXXXX, Case No. 2017-011465OFA apply to this Motion, and are incorporated herein as though fully set forth.

RECORDATION OF CONDITIONS OF APPROVAL

Prior to the issuance of the building permit or commencement of use for the Project the Zoning Administrator shall approve and order the recordation of a Notice in the Official Records of the Recorder of the City and County of San Francisco for the subject property. This Notice shall state that the project is subject to the conditions of approval contained herein and reviewed and approved by the Planning Commission on March 15, 2018 under Motion No. XXXXX.

PRINTING OF CONDITIONS OF APPROVAL ON PLANS

The conditions of approval under the 'Exhibit A' of this Planning Commission Motion No. XXXXX shall be reproduced on the Index Sheet of construction plans submitted with the Site or Building permit application for the Project. The Index Sheet of the construction plans shall reference to the Conditional Use authorization and any subsequent amendments or modifications.

SEVERABILITY

The Project shall comply with all applicable City codes and requirements. If any clause, sentence, section or any part of these conditions of approval is for any reason held to be invalid, such invalidity shall not affect or impair other remaining clauses, sentences, or sections of these conditions. This decision conveys no right to construct, or to receive a building permit. "Project Sponsor" shall include any subsequent responsible party.

CHANGES AND MODIFICATIONS

Changes to the approved plans may be approved administratively by the Zoning Administrator. Significant changes and modifications of conditions shall require Planning Commission approval of a new Conditional Use authorization.

Conditions of Approval, Compliance, Monitoring, and Reporting

PERFORMANCE

1. **Validity.** The authorization and right vested by virtue of this action is valid for three (3) years from the effective date of the Motion. The Department of Building Inspection shall have issued a Building Permit or Site Permit to construct the project and/or commence the approved use within this three-year period.

For information about compliance, contact Code Enforcement, Planning Department at 415-575-6863, www.sf-planning.org

2. **Expiration and Renewal.** Should a Building or Site Permit be sought after the three (3) year period has lapsed, the project sponsor must seek a renewal of this Authorization by filing an application for an amendment to the original Authorization or a new application for Authorization. Should the project sponsor decline to so file, and decline to withdraw the permit application, the Commission shall conduct a public hearing in order to consider the revocation of the Authorization. Should the Commission not revoke the Authorization following the closure of the public hearing, the Commission shall determine the extension of time for the continued validity of the Authorization.

For information about compliance, contact Code Enforcement, Planning Department at 415-575-6863, www.sf-planning.org

3. **Extension.** All time limits in the preceding three paragraphs may be extended at the discretion of the Zoning Administrator where implementation of the project is delayed by a public agency, an appeal or a legal challenge and only by the length of time for which such public agency, appeal or challenge has caused delay.

For information about compliance, contact Code Enforcement, Planning Department at 415-575-6863, www.sf-planning.org

4. **Conformity with Current Law.** No application for Building Permit, Site Permit, or other entitlement shall be approved unless it complies with all applicable provisions of City Codes in effect at the time of such approval.

For information about compliance, contact Code Enforcement, Planning Department at 415-575-6863, www.sf-planning.org

5. Additional Project Authorization. The Project Sponsor must obtain an Office Development Allocation under Section 321 to establish office use at 945 Market Street and satisfy all the conditions thereof. The conditions set forth therein are additional conditions required in connection with the Project. If these conditions overlap with any other requirement imposed on the Project, the more restrictive or protective condition or requirement, as determined by the Zoning Administrator, shall apply.

For information about compliance, contact Code Enforcement, Planning Department at 415-575-6863, www.sf-planning.org.

6. **Development Timeline - Office.** Pursuant to Planning Code Section 321(d)(2), construction of the office development project shall commence within 18 months of the effective date of this Motion. Failure to begin work within that period or to carry out the development diligently thereafter to

completion, shall be grounds to revoke approval of the office development under this office development authorization.

For information about compliance, contact Code Enforcement, Planning Department at 415-575-6863, www.sf-planning.org

DESIGN – COMPLIANCE AT PLAN STAGE

7. Office Use in C-3-R. It is the intent of this authorization to allow up to 47,522 square feet of office space to be flexibly configured at the fourth and fifth floors of the Project, while strictly prohibiting non-accessory office use below the fourth floor within the portion of the site located within the C-3-R District. Office space, including associated accessory uses, allowed pursuant to this authorization use shall be strictly limited to the fourth and fifth floors. With the exception of office space that is accessory to a primary use, no office use shall be permitted below the fourth floor within the C-3-R portion of the site. The Planning Department shall verify that the location, configuration, and amount of office space complies with this condition prior to issuance of the building permit for tenant improvements.

For information about compliance, contact Code Enforcement, Planning Department at 415-575-6863, www.sf-planning.org

8. Garbage, composting and recycling storage. Space for the collection and storage of garbage, composting, and recycling shall be provided within enclosed areas on the property and clearly labeled and illustrated on the building permit plans. Space for the collection and storage of recyclable and compostable materials that meets the size, location, accessibility and other standards specified by the San Francisco Recycling Program shall be provided at the ground level of the buildings.

For information about compliance, contact the Case Planner, Planning Department at 415-558-6378, www.sf-planning.org.

PARKING AND TRAFFIC

- 9. Bicycle Parking (Commercial Only). Pursuant to Planning Code Sections 155.1 and 155.4., the Project shall provide no fewer than 52 Class 1 and 18 Class 2 bicycle parking spaces. For information about compliance, contact Code Enforcement, Planning Department at 415-575-6863, www.sf-planning.org
- 10. **Showers and Clothes Lockers.** Pursuant to Planning Code Section 155.3, the Project shall provide no fewer than four showers and 24 clothes lockers.

For information about compliance, contact Code Enforcement, Planning Department at 415-575-6863, www.sf-planning.org

PROVISIONS

11. **First Source Hiring.** The Project shall adhere to the requirements of the First Source Hiring Construction and End-Use Employment Program approved by the First Source Hiring Administrator, pursuant to Section 83.4(m) of the Administrative Code. The Project Sponsor shall comply with the requirements of this Program regarding construction work and on-going employment required for the Project.

For information about compliance, contact the First Source Hiring Manager at 415-581-2335, <u>www.onestopSF.org</u>

- 12. **Public Art Fee.** The Project Sponsor has paid a \$600,000 in lieu fee to the San Francisco Arts Commission in satisfaction of the 1% Public Art Fee that was required for the 2010 entitlement. For information about compliance, contact the Case Planner, Planning Department at 415-558-6378, www.sf-planning.org
- 13. **Childcare Requirements Office and Hotel Development**. The Project is subject to the Childcare Fee for Office and Hotel Development Projects, as applicable, pursuant to Planning Code Section 414.

For information about compliance, contact the Case Planner, Planning Department at 415-558-6378, <u>www.sf-planning.org</u>

MONITORING

- 14. **Enforcement.** Violation of any of the Planning Department conditions of approval contained in this Motion or of any other provisions of Planning Code applicable to this Project shall be subject to the enforcement procedures and administrative penalties set forth under Planning Code Section 176 or Section 176.1. The Planning Department may also refer the violation complaints to other city departments and agencies for appropriate enforcement action under their jurisdiction.

 For information about compliance, contact Code Enforcement, Planning Department at 415-575-6863, www.sf-planning.org
- 15. **Revocation due to Violation of Conditions.** Should implementation of this Project result in complaints from interested property owners, residents, or commercial lessees which are not resolved by the Project Sponsor and found to be in violation of the Planning Code and/or the specific conditions of approval for the Project as set forth in Exhibit A of this Motion, the Zoning Administrator shall refer such complaints to the Commission, after which it may hold a public hearing on the matter to consider revocation of this authorization.

 For information about compliance, contact Code Enforcement, Planning Department at 415-575-6863,

OPERATION

www.sf-planning.org

- 16. **Garbage, Recycling, and Composting Receptacles.** Garbage, recycling, and compost containers shall be kept within the premises and hidden from public view, and placed outside only when being serviced by the disposal company. Trash shall be contained and disposed of pursuant to garbage and recycling receptacles guidelines set forth by the Department of Public Works. For information about compliance, contact Bureau of Street Use and Mapping, Department of Public Works at 415-554-.5810, http://sfdpw.org
- 17. **Sidewalk Maintenance.** The Project Sponsor shall maintain the main entrance to the building and all sidewalks abutting the subject property in a clean and sanitary condition in compliance with the Department of Public Works Streets and Sidewalk Maintenance Standards.

For information about compliance, contact Bureau of Street Use and Mapping, Department of Public Works, 415-695-2017, http://sfdpw.org



SAN FRANCISCO PLANNING DEPARTMENT

Subject to: (Select only if applicable)

- ☐ Affordable Housing (Sec. 415)
- Jobs Housing Linkage Program (Sec. 413)
- ☐ Downtown Park Fee (Sec. 412)
- ☐ First Source Hiring (Admin. Code)
- Child Care Requirement (Sec. 414)
- ☐ Other (TSF)

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

Reception:

415.558.6378

Fax: **415.558.6409**

Planning Information: 415.558.6377

Planning Commission Draft Motion Office Allocation

HEARING DATE: MARCH 15, 2018

Case No.: 2017-011465CUA/OFA
Project Address: 945 Market Street

Zoning: Downtown General Commercial (C-3-G) Zoning District

Downtown Retail Core (C-3-R) Zoning District

120-X Height and Bulk District

Block/Lot: 3704/240

Project Sponsor: MSP Property, LLC

Attn: Jeff Coker, Cypress Equities 8343 Douglas Ave., Suite 200

Dallas, TX 75225

Staff Contact: Claudine Asbagh – (415) 558-6377

Claudine.Asbagh@sfgov.org

ADOPTING FINDINGS RELATING TO THE APPROVAL OF AN ALLOCATION OF OFFICE SQUARE FOOTAGE UNDER THE 2017-2018 ANNUAL OFFICE DEVELOPMENT LIMITATION PROGRAM PURSUANT TO SECTIONS 320 THROUGH 325 OF THE PLANNING CODE TO ALLOW UP TO 47,552 GROSS SQUARE FEET OF ADDITIONAL OFFICE USE AT 945 MARKET STREET, LOT 240 IN ASSESSOR'S BLOCK 3704, WITHIN THE C-3-G (DOWNTOWN GENERAL COMMERCIAL) DISTRICT AND THE C-3-R (DOWNTOWN RETAIL) DISTRICT AND A 120-X HEIGHT AND BULK DISTRICT. THE PROPOSAL WOULD CONVERT 47,522 SQUARE FEET OF VACANT RETAIL USE AT THE FOURTH AND FIFTH FLOORS OF 945 MARKET STREET TO OFFICE USE.

PREAMBLE

On December 6, 2017, MSP Property, LLC (hereinafter "Project Sponsor") filed applications with the Planning Department (hereinafter "Department") for a Conditional Use Authorization and Office Allocation pursuant to Planning Code Section 303 and 321 to establish additional office use within the existing five-story over basement building at 945 Market Street, within the C-3-G (Downtown General Commercial) District and the C-3-R (Downtown Retail) District and a 120-X Height and Bulk District (the "Project"). The Project would convert 47,522 square feet of existing vacant retail space on the fourth floor and above to office use. The existing retail use on all other floors would remain.

On July 8, 2010, the Planning Commission adopted Motion Nos. 18156 (Downtown Project Authorization) and 18137 (Conditional Use Authorization), authorizing the construction of a five-story, 90-feet-tall, approximately 375,000-square-foot retail shopping center with 76,295 square feet of belowgrade parking at 945 Market Street (the "Property").

On July 8, 2010, a Final Environmental Impact Report (FEIR) was certified for the proposed five-story, retail shopping center at the Property.

On March 2, 2018, the Department issued a memorandum "Note to File" documenting the prior environmental review under the California Environmental Quality Act (CEQA). The memorandum describes the prior environmental review and evaluates the conversion of 47,522 square feet of retail space at the Property to office. The memorandum concludes that the Project would not result in any potentially significant environmental impacts, or in any substantial increase in severity of identified significant effects, not already considered by the FEIR, and therefore, that no subsequent environmental review for this Project is warranted. The file for the Project is available at the San Francisco Planning Department, 1650 Mission Street, Suite 400, San Francisco, CA.

On March 15, 2018, the Commission conducted a duly noticed public hearing at a regularly scheduled meeting on Office Allocation Application No. 2017-011465CUA/OFA.

The Commission has heard and considered the testimony presented to it at the public hearing and has further considered written materials and oral testimony presented on behalf of the applicant, Department staff, and other interested parties.

MOVED, that the Commission hereby authorizes the Office Allocation requested in Application No. 2017-011465OFA, subject to the conditions contained in "EXHIBIT A" of this motion, based on the following findings:

FINDINGS

Having reviewed the materials identified in the preamble above, and having heard all testimony and arguments, this Commission finds, concludes, and determines as follows:

- 1. The above recitals are accurate and constitute findings of this Commission.
- 2. **Site Description and Present Use.** The Project is located on a 46,062 square foot lot on the south side of Market Street between Fifth and Sixth Streets, Block 3704, Lot 240. The development site contains 275 feet of frontage along Market Street and 275 feet of frontage along Stevenson Street. The site is located within the Downtown General Commercial (C-3-G) and the (C-3-R) Downtown Retail Districts and the 120-X Height and Bulk District. The project site is located within the Downtown Plan Area.

The site is occupied by a single retail building that was approved by the Planning Commission on July 8, 2010. It consists of five-story building over a three-level basement, with approximately 535,563 square feet, 166 off-street parking spaces, 7 car share spaces, 4 loading spaces, 52 Class I

bicycle parking spaces and 18 Class II bicycle parking spaces. The below-grade parking levels are operational, but retail spaces above have been vacant since completion.

- 3. Surrounding Properties and Neighborhood. The project site is in the C-3-G (Downtown General Commercial) and C-3-R (Downton Retail) Zoning Districts. Other zoning districts in the vicinity include: RC-4 (Residential-Commercial, High Density) to the north, SoMa NCT (SoMa Neighborhood Commercial Transit District) to the southwest, and C-3-S (Downtown Support) to the south and southeast. The property is located in the Mid-Market neighborhood. The Hallidie Plaza Powell Street transit station is about one block to the northeast. The Project site is served by San Francisco Municipal Railway (MUNI) bus and streetcar lines along Market Street, MUNI bus lines along Fifth and Mission Streets, and MUNI Metro and Bay Area Rapid Transit (BART) through the Powell Street station at Fifth and Market Streets. Other uses in the vicinity include hotel, retail, restaurant, office and residential uses. Buildings with office or residential use above ground floor commercial are common.
- 4. **Project Description.** The proposal would convert 47,522 square feet of vacant retail use at the fourth and fifth floors to office. The existing retail space on the first basement level and the first through third floors would remain entirely intact.
- 5. **Public Comment.** To date, the Department has received one letter of support for the project.
- 6. **Office Development Authorization.** Planning Code Section 321 establishes standards for San Francisco's Office Development Annual Limit. In determining if the proposed Project would promote the public welfare, convenience and necessity, the Commission considered the seven criteria established by Code Section 321(b)(3), and finds as follows:
 - I. APPORTIONMENT OF OFFICE SPACE OVER THE COURSE OF THE APPROVAL PERIOD IN ORDER TO MAINTAIN A BALANCE BETWEEN ECONOMIC GROWTH ON THE ONE HAND, AND HOUSING, TRANSPORTATION AND PUBLIC SERVICES, ON THE OTHER.

As of January 12, 2018, 1,015,880 gross square feet of "Small Cap" office space in San Francisco was available. The Project will add approximately 47,522 gross square feet of office space at the Property. If the Project is approved, approximately 968,358 square feet of space will remain in the Small Cap pool. In October 2018, an additional 75,000 square feet of office space will be added to the Small Cap pool.

Future employees of the Project will be able to walk, ride a bicycle, or take any of the ample forms of public transportation in the area. Located in one of the densest urban areas of the City, this area has exceptional existing public transit service. The Property is within one block of the Powell Street BART and MUNI station, has easy access to all of the local and regional bus lines that run down Market Street, and is within a reasonable distance of the Ferry Building, providing convenient access for commuters.

Overall, the project will maintain a balance between economic growth and housing, transportation and public services.

II. THE CONTRIBUTION OF THE OFFICE DEVELOPMENT TO, AND ITS EFFECTS ON, THE OBJECTIVES AND POLICIES OF THE GENERAL PLAN.

The proposed project is consistent with the General Plan, as outlined in Section 8 below. Overall, the

Project would advance the objectives and policies of the Downtown Plan, as well as the Commerce and Industry Element and the Transportation Element of the General Plan.

III. THE QUALITY OF THE DESIGN OF THE PROPOSED OFFICE DEVELOPMENT.

The Project does not involve significant construction or additions to the existing building, just minor interior alterations..

IV. THE SUITABILITY OF THE PROPOSED OFFICE DEVELOPMENT FOR ITS LOCATION, AND ANY EFFECTS OF THE PROPOSED OFFICE DEVELOPMENT SPECIFIC TO THAT LOCATION.

- a) <u>Use</u>. The Project's proposed upper floor office use within 945 Market Street is principally permitted in the C-3-G Zoning District, and requires Conditional Use Authorization for the portion of the property that is within the C-3-R Zoning District. The subject lot is located in an area primarily characterized by a mix of retail, hotel, residential and office uses, and buildings with office and residential use above ground floor commercial are common in the immediate vicinity. The project is suitable for its location in that it has direct access to existing and planned public transit, and would bring new workers to the area that would be able to support the existing service and retail uses in the neighborhood.
- b) Transit Accessibility. The Downtown area has one of the greatest concentrations of local and regional transit in San Francisco and the greater Bay Area. The Powell Street transit station is about one block to the northeast. The Project site is served by the MUNI bus and streetcar lines along Market Street, MUNI bus lines along Fifth and Mission Streets, and MUNI Metro and BART through the Powell Street station at Fifth and Market Streets.
- c) Open Space Accessibility. The Property is within walking distance of numerous open spaces, including Mint Plaza immediately to the south. Yerba Buena Gardens and Jessie Square are both about a ½ mile away and Hallidie Plaza is less than 500 feet. Each of these open spaces is accessible to the public and available for the Project's future commercial tenant employees.
- d) <u>Urban Design</u>. The Project will be completely contained within the existing building at the Property. The current height and form of the Property are similar to those of neighboring structures. The Property is a newly constructed modern building that combines layers of clear class with mirror patterning to reflect the street lift and offer a peek into the building's interior. The exposed interior is designed to help revitalize the mid-Market streetscape and the structure serves as a modern and contextual addition to the neighborhood.
- e) <u>Seismic Safety</u>. The Project will conform to the structural and seismic requirements of the San Francisco Building Code, meeting this policy.
- V. THE ANTICIPATED USES OF THE PROPOSED OFFICE DEVELOPMENT IN LIGHT OF EMPLOYMENT OPPORTUNITIES TO BE PROVIDED, NEEDS OF EXISTING BUSINESSES, AND THE AVAILABLE SUPPLY OF SPACE SUITABLE FOR SUCH ANTICIPATED USES.
- a) Anticipated Employment Opportunities. The Project will create on-site employment opportunities for the future tenants through the conversion of approximately 47,522 square feet of space to office use. Available office space is scarce in San Francisco, particularly in existing buildings

with large floorplates. Office space of this quality and proximity to transit is in high demand in San Francisco, and the existing supply is insufficient to meet that demand. The Project will provide office space with large floor plates, a characteristic desired by emerging businesses. The expansion of office use at the Property will allow new businesses and employers to move into San Francisco and/or will allow existing businesses to grow and expand their employment bases.

- b) Needs of Existing Businesses. San Francisco continues to experience high demand for transitserved large floor plate office space. Since mid-2013, San Francisco has had among the lowest office vacancy rates in the country, currently estimated at 6.9%. (Colliers International, San Francisco Office Report – Q3 2017.) The addition of office space within the existing building at the Property will provide much needed large floorplate office space within San Francisco's downtown area, creating job opportunities in a highly accessible transit-oriented location.
- c) Availability of Space Suitable for Anticipated Uses. Demand for new office space has increased rapidly in the past few years. Large, open floor plates are among the most important features in today's office market, and the Project will help meet this demand with large floorplate and flexible office space that is suitable for a variety of office uses and sizes.

VI. THE EXTENT TO WHICH THE PROPOSED DEVELOPMENT WILL BE OWNED OR OCCUPIED BY A SINGLE ENTITY.

The Project Sponsor will maintain ownership of the Property after the conversion of 47,522 square feet from retail to office space. The fourth and fifth floor floorplans are suitable for use by one or more major tenants, but can also accommodate multiple small tenants.

VII. THE USE, IF ANY, OF TRANSFERABLE DEVELOPMENT RIGHTS ("TDR's") BY THE PROJECT SPONSOR.

The Project does not include any Transfer of Development Rights.

- 7. **Planning Code Compliance:** The Planning Code Compliance Findings set forth in Motion No. XXXXX, Case No. 2017-011465<u>CUA</u>/OFA (Conditional Use Authorization, pursuant to Planning Code Sections 210.2 and 303) apply to this Motion, and are incorporated herein as though fully set forth.
- 8. **General Plan Compliance.** The General Plan Compliance Findings set forth in Motion No. XXXXX, Case No. 2017-011465<u>CUA</u>/OFA (Conditional Use Authorization, pursuant to Planning Code Section 309) apply to this Motion, and are incorporated herein as though fully set forth.
- 9. **Planning Code Section 101.1(b).** The Planning Code Priority Policy Findings set forth in Motion No. XXXXX, Case No. 2017-011465<u>CUA</u>/OFA (Conditional Use Authorization, pursuant to Planning Code Section 309) apply to this Motion, and are incorporated herein as though fully set forth.
- 10. The Commission hereby finds that approval of the Office Allocation authorization would promote the health, safety and welfare of the City.

DECISION

That based upon the Record, the submissions by the Applicant, the staff of the Department and other interested parties, the oral testimony presented to this Commission at the public hearings, and all other written materials submitted by all parties, the Commission hereby **APPROVES Office Development Application No. 2017-011465OFA** subject to the following conditions attached hereto as "EXHIBIT A" in general conformance with plans on file, dated February 26, 2018 and stamped "EXHIBIT B", which is incorporated herein by reference as though fully set forth.

APPEAL AND EFFECTIVE DATE OF MOTION: Any aggrieved person may appeal this Office Development Allocation to the Board of Supervisors within fifteen (15) days after the date of this Motion No. XXXXX. The effective date of this Motion shall be the date of this Motion if not appealed (After the 15-day period has expired) OR the date of the decision of the Board of Appeals if appealed to the Board of Appeals. For further information, please contact the Board of Appeals at (415) 575-6880, 1650 Mission Street, Room 304, San Francisco, CA.

Protest of Fee or Exaction: You may protest any fee or exaction subject to Government Code Section 66000 that is imposed as a condition of approval by following the procedures set forth in Government Code Section 66020. The protest must satisfy the requirements of Government Code Section 66020(a) and must be filed within 90 days of the date of the first approval or conditional approval of the development referencing the challenged fee or exaction. For purposes of Government Code Section 66020, the date of imposition of the fee shall be the date of the earliest discretionary approval by the City of the subject development.

If the City has not previously given Notice of an earlier discretionary approval of the project, the Planning Commission's adoption of this Motion, Resolution, Discretionary Review Action or the Zoning Administrator's Variance Decision Letter constitutes the approval or conditional approval of the development and the City hereby gives **NOTICE** that the 90-day protest period under Government Code Section 66020 has begun. If the City has already given Notice that the 90-day approval period has begun for the subject development, then this document does not re-commence the 90-day approval period.

I hereby certify that the Planning Commission ADOPTED the foregoing Motion on March 15, 2018.

Jonas P. Ionin Commission S	ecretary
AYES:	
NAYS:	
ABSENT:	
ADOPTED:	March 15, 2018

EXHIBIT A

AUTHORIZATION

This authorization is for an Office Development Allocation to allow 47,522 square feet of non-retail sales and services (office space) on the fourth and fifth floors of the existing building at 945 Market Street within the C-3-G (Downtown General Commercial) and C-3-R (Downtown Retail) Districts and a 120-X Height and Bulk District; in general conformance with plans, dated February 26, 2018, and stamped "EXHIBIT B" included in the docket for Case No. 2017-011465CUA/OFA and subject to conditions of approval reviewed and approved by the Commission on March 15, 2018 under Motion No. XXXXXX. This authorization and the conditions contained herein run with the property and not with a particular Project sponsor, business, or operator.

COMPLIANCE WITH OTHER REQUIREMENTS

The Planning Code Compliance Findings set forth in Motion No. XXXXX, Case No. 2017-011465CUA (Conditional Use Authorization, pursuant to Planning Code Sections 210.2 and 303) apply to this Motion, and are incorporated herein as though fully set forth.

RECORDATION OF CONDITIONS OF APPROVAL

Prior to the issuance of the building permit or commencement of use for the Project the Zoning Administrator shall approve and order the recordation of a Notice in the Official Records of the Recorder of the City and County of San Francisco for the subject property. This Notice shall state that the project is subject to the conditions of approval contained herein and reviewed and approved by the Planning Commission on March 18, 2018 under Motion No. XXXXX.

PRINTING OF CONDITIONS OF APPROVAL ON PLANS

The conditions of approval under the 'Exhibit A' of this Planning Commission Motion No. XXXXX shall be reproduced on the Index Sheet of construction plans submitted with the Site or Building permit application for the Project. The Index Sheet of the construction plans shall reference to the Conditional Use authorization and any subsequent amendments or modifications.

SEVERABILITY

The Project shall comply with all applicable City codes and requirements. If any clause, sentence, section or any part of these conditions of approval is for any reason held to be invalid, such invalidity shall not affect or impair other remaining clauses, sentences, or sections of these conditions. This decision conveys no right to construct, or to receive a building permit. "Project Sponsor" shall include any subsequent responsible party.

CHANGES AND MODIFICATIONS

Changes to the approved plans may be approved administratively by the Zoning Administrator. Significant changes and modifications of conditions shall require Planning Commission approval of a new Conditional Use authorization.

Conditions of Approval, Compliance, Monitoring, and Reporting

PERFORMANCE

1. **Validity.** The authorization and right vested by virtue of this action is valid for three (3) years from the effective date of the Motion. The Department of Building Inspection shall have issued a Building Permit or Site Permit to construct the project and/or commence the approved use within this three-year period.

For information about compliance, contact Code Enforcement, Planning Department at 415-575-6863, www.sf-planning.org

2. **Expiration and Renewal.** Should a Building or Site Permit be sought after the three (3) year period has lapsed, the project sponsor must seek a renewal of this Authorization by filing an application for an amendment to the original Authorization or a new application for Authorization. Should the project sponsor decline to so file, and decline to withdraw the permit application, the Commission shall conduct a public hearing in order to consider the revocation of the Authorization. Should the Commission not revoke the Authorization following the closure of the public hearing, the Commission shall determine the extension of time for the continued validity of the Authorization.

For information about compliance, contact Code Enforcement, Planning Department at 415-575-6863, www.sf-planning.org

3. **Extension.** All time limits in the preceding three paragraphs may be extended at the discretion of the Zoning Administrator where implementation of the project is delayed by a public agency, an appeal or a legal challenge and only by the length of time for which such public agency, appeal or challenge has caused delay.

For information about compliance, contact Code Enforcement, Planning Department at 415-575-6863, www.sf-planning.org

4. **Conformity with Current Law.** No application for Building Permit, Site Permit, or other entitlement shall be approved unless it complies with all applicable provisions of City Codes in effect at the time of such approval.

For information about compliance, contact Code Enforcement, Planning Department at 415-575-6863, www.sf-planning.org

5. Additional Project Authorization. The Project Sponsor must obtain a Conditional Use Authorization under Sections 303 and 210.2 to allow office use above the ground floor at 925 Market Street and satisfy all the conditions thereof. The conditions set forth therein are additional conditions required in connection with the Project. If these conditions overlap with any other requirement imposed on the Project, the more restrictive or protective condition or requirement, as determined by the Zoning Administrator, shall apply.

For information about compliance, contact Code Enforcement, Planning Department at 415-575-6863, www.sf-planning.org.

6. **Development Timeline - Office.** Pursuant to Planning Code Section 321(d)(2), construction of the office development project shall commence within 18 months of the effective date of this Motion. Failure to begin work within that period or to carry out the development diligently thereafter to

completion, shall be grounds to revoke approval of the office development under this office development authorization.

For information about compliance, contact Code Enforcement, Planning Department at 415-575-6863, www.sf-planning.org

MONITORING

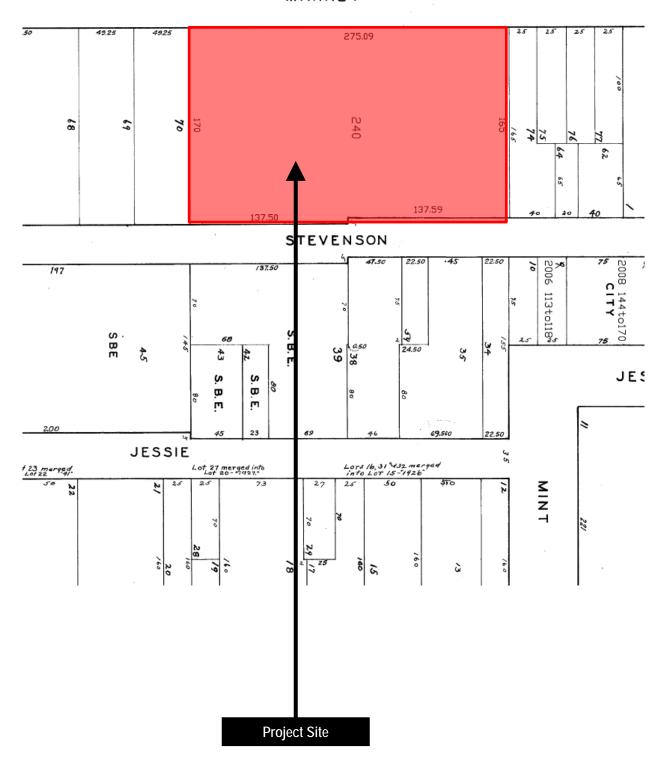
- 7. Enforcement. Violation of any of the Planning Department conditions of approval contained in this Motion or of any other provisions of Planning Code applicable to this Project shall be subject to the enforcement procedures and administrative penalties set forth under Planning Code Section 176 or Section 176.1. The Planning Department may also refer the violation complaints to other city departments and agencies for appropriate enforcement action under their jurisdiction.
 For information about compliance, contact Code Enforcement, Planning Department at 415-575-6863, www.sf-planning.org
- 8. **Revocation due to Violation of Conditions.** Should implementation of this Project result in complaints from interested property owners, residents, or commercial lessees which are not resolved by the Project Sponsor and found to be in violation of the Planning Code and/or the specific conditions of approval for the Project as set forth in Exhibit A of this Motion, the Zoning Administrator shall refer such complaints to the Commission, after which it may hold a public hearing on the matter to consider revocation of this authorization.

 For information about compliance, contact Code Enforcement, Planning Department at 415-575-6863.

For information about compliance, contact Code Enforcement, Planning Department at 415-575-6863, www.sf-planning.org

Parcel Map

MARKET

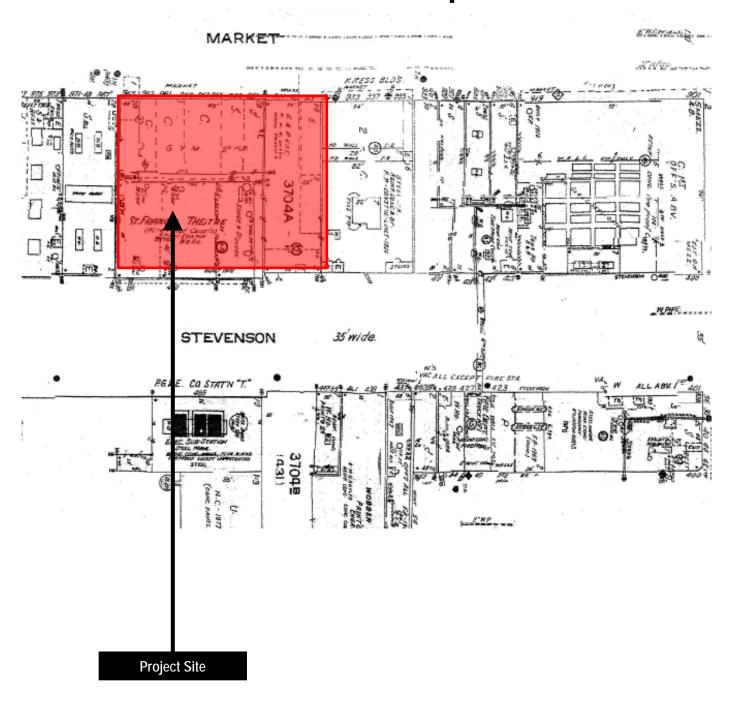




Case No. 2017-011465CUA/OFA 945 Market Street

Conditional Use Authorization/ Office Allocation

Sanborn Map*



^{*}The Sanborn Maps in San Francisco have not been updated since 1998, and this map may not accurately reflect existing conditions.

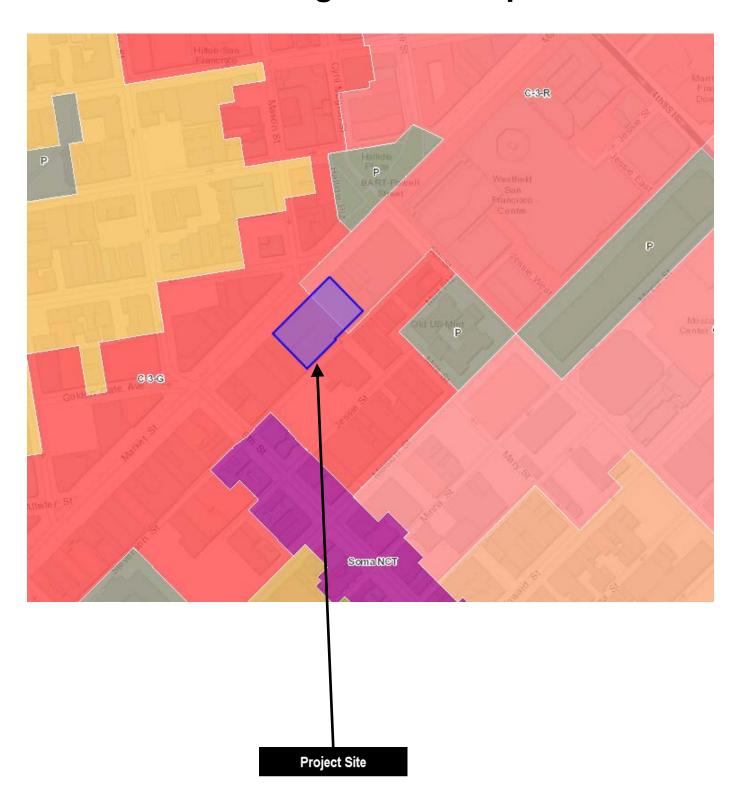


Aerial Photo





Zoning District Map

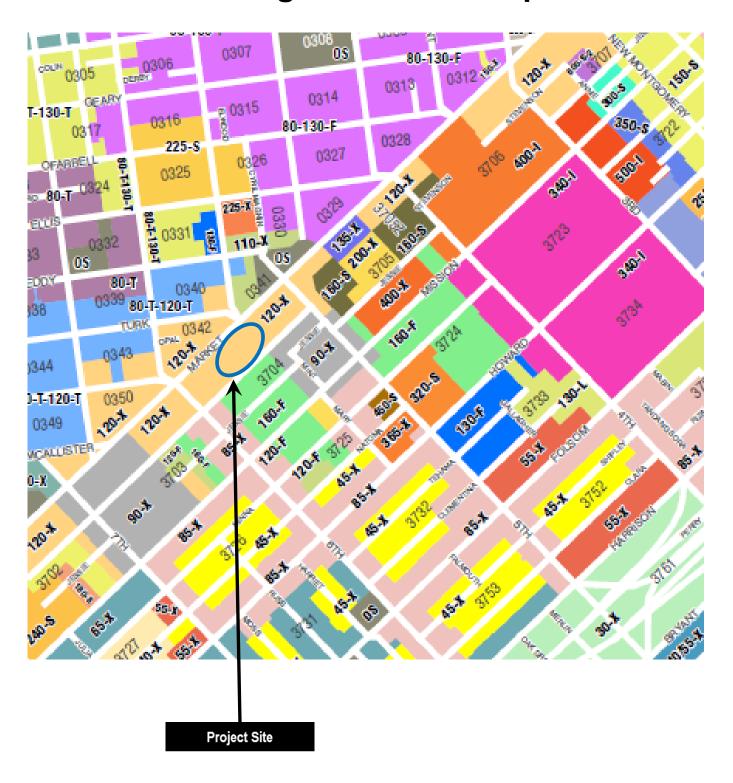




Case No. 2017-011465CUA/OFA 945 Market Street

Conditional Use Authorization/ Office Allocation

Height and Bulk Map





Case No. 2017-011465CUA/OFA 945 Market Street

Site Photo



Case No. 2017-011465CUA/OFA
945 Market Street
Conditional Use Authorization/ Office Allocation



SAN FRANCISCO PLANNING DEPARTMENT

MEMO

DATE: March 2, 2018

TO: File for 2017-011465ENV – 945 Market Street and

2005.1074E, 935 – 965 Market Street – Retail Development

FROM: Debra Dwyer, Environmental Planning

RE: 945 Market Street Revised Project

On July 8, 2010 the Planning Commission certified the Final Environmental Impact Report (EIR) for the 935 – 965 Market Street – Retail Development Project under case 2005.1074E. An appeal of the certification of the Final EIR was filed subsequent to the certification date. On September 14, 2010, the Board of Supervisors rejected the appeal and upheld the certification of the Final EIR. The project as proposed at that time consisted of demolition of three two- to five-story buildings on the 1.06-acre project site and the construction of one five-story, 90-foot-tall, approximately 375,700 gross square foot (gsf) retail building, with associated building services and subsurface parking. The building as analyzed in the EIR contains about 264,010 gsf of retail uses; about 4,830 gsf of common areas; about 10,900 gsf of mechanical and storage space; and about 95,960 gsf of parking, loading, and circulation space with approximately 188 parking spaces. Since certification of the EIR, the building has been constructed, and the project address has been changed to 945 Market Street. The property owner now proposes to convert 47,522 square feet (sf) of retail space located on the fourth and fifth floors of the building to 47,522 sf of general office use (Planning Department Record 2017-011465ENV).

The proposed change of use would reconfigure the fourth and fifth floors of the subject building to accommodate office use instead of retail as shown in the environmental evaluation application dated August 17, 2017. Besides interior tenant improvements to accommodate the change in use, no other physical changes to the building would be made. The project site is split between two zoning districts. About two thirds of the site is within the C-3-G, Downtown General Commercial District, and one-third is within C-3-R, Downtown Retail District. The proposed change of use from retail to office would require a conditional use authorization as well as an office allocation. The physical environmental effects resulting from the change of use from retail to office on the fourth and fifth floors have been fully addressed in the environmental analysis in the final EIR, and no further environmental analysis is required as detailed below.

Under the Planning Department's Transportation Impact Analysis Guidelines (the guidelines), the weekday daily person-trips associated with 47,522 sf of retail use would be 7,129 person-trips, with 642 person-trips occurring in the p.m. peak hour. However, based on surveys of existing shopping patterns in San Francisco and due to the location of this site within downtown San Francisco, the transportation analysis identified that 'cross-shopping' would occur, meaning that visitors of the project would typically visit more than one store on a trip. Therefore, a cross-shopping factor of 1.8 was utilized to account for linked and pass-by trips associated with the proposed project. Thus, the

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

Reception: 415.558.6378

Fax:

415.558.6409

Planning Information: **415.558.6377** March 2, 2018 2017-011465ENV - 945 Market Street, a Revision to 935 – 965 Market Street Project Page 2

daily person-trips associated with 47,522 sf retail would be 3,959 daily person trips or 356 person trips in the p.m. peak hour. Under the guidelines, 47,522 sf of office use would result in about 860 daily person-trips with 73 person-trips occurring in the p.m. peak hour. Therefore, this change in use for a portion of the retail use to be converted to office use would result in fewer person-trips than analyzed in the EIR.

Based on the guidelines there would be 172 employees associated with the 47,522 sf of office use. There would be 136 employees associated with same square footage of retail use. However, even in consideration of additional office worker trips associated with 36 more employees for office use compared with employees under retail use, the overall person-trips for the modified project would be fewer than analyzed in the EIR.

The change in use for a portion of the retail use to office use would not alter the analysis or conclusions with respect to loading impacts as under the modified project the truck trip generation would be similar to the proposed project. The loading mitigation measures to limit the times that large trucks would access the loading dock on Stevenson Street as well as requirements for a loading dock supervisor and loading scheduling program adopted as part of the conditions of approval for the original project would still apply to the modified project. For all of the above reasons, the proposed revision to the project would not alter the conclusions in the final EIR with respect to the significance of transportation and circulation impacts.

No other environmental topics would be affected by this change to the land use program as there would be no change to the building envelope and limited changes to project operations studied for environmental review. Overall, the proposed revision to the project would not alter the conclusions in the final EIR with respect to any environmental topics or impacts.

REUBEN, JUNIUS & ROSE, LLP

March 7, 2018

Delivered Via Email and Messenger

Rich Hillis, Commission President San Francisco Planning Commission 1650 Mission Street, 4th Floor San Francisco, California 94103

Re: 945 Market Street

Planning Department Case No. 2017-011465X

Hearing Date: March 15, 2018

Our File No.: 10384.01

Dear President Hillis and Commissioners:

This office represents MSP Property, LLC, the owner (the "Project Sponsor" or the "Owner") of the property at 945 Market Street (the "Property"). The Planning Commission approved the construction of the existing 353,563-square-foot, 5-story retail building in 2010. Since receiving these approvals, the Owner has been actively marketing the five floors of retail space with limited success. That said, the Owner is now far along in negotiations with three potential retail tenants: one for the entire first basement level, a second for approximately 2/3 of the fifth floor, and a third for a ground floor space fronting Market Street.

The difficulty in finding retail tenants for the Property is largely a product of the changing retail economy over the last decade. The consensus of retail economists is that the growth of ecommerce means that retailers are relying less on physical retail stores. High construction costs in San Francisco are further deterring potential retail occupants, with buildout costs 60-100% higher than anticipated based on retailer experiences in other national markets.

In an effort to activate the building, the Project Sponsor applied for a Conditional Use Authorization and an Office Allocation to allow a change of use on the third and fourth floors from retail only to a mix of office and retail. The Planning Department has since requested that the Project Sponsor instead locate the 47,522 square feet of office use entirely on the fourth floor and above (the "Project"), and the Owner is willing to move forward with that revision.

I. Project Benefits

- Activate a large vacant Market Street frontage. The Project Sponsor has been actively marketing the entire building, with limited success. Adding upper floor office tenants will activate the space and will spur the interest of potential retail tenants to serve the new office occupants.
- Allow for flexible use of the upper floors. The allocation of office space to the fourth floor and above will allow for flexible use of those spaces. Prospective tenants have expressed interest in co-working office space with a customer-facing retail component, and an office allocation will provide for that type of use. For example, a hotel booking operator previously explored the possibility of an office space with an associated consumer retail lab at the Property. Other potential uses could include a co-working office with space for pop-up retail opportunities and a product demonstration area. In any case, the Owner will maintain the retail character of the building, and plans to select an office tenant that is consistent with that character.
- No retail tenants would be displaced. The spaces proposed for conversion to office have never been occupied by retail tenants, as the building is new and has been vacant since construction. Conversion to office on the fourth floor and above will activate the building while maintaining full retail sales use on the entire first basement level and the first, second, and third floors.
- Project will not detract from the District's primary function as an area for comparison shopper retailing and direct consumer services. The Property is only partially within the C-3-R District. The conversion of space on the two upper floors to office, while preserving basement level one and floors one, two and three as retail only, is appropriate for a building where immediate uses to the east are primarily retail and where uses immediately to the west include a mix of lower floor retail with upper floor office and residential.
- Property straddles the C-3-R and C-3-G Zoning Districts. The Property is situated on the south side of Market Street between 5th and 6th Streets. Five blocks from Union Square and west of the Powell Street BART and MUNI station, it is on the outer edge of the C-3-R Zoning District and outside the bounds of the Union Square Business Improvement District. In fact, only about 1/3 of each floorplate proposed for conversion to office lies within the C-3-R District, the other 2/3 is within the C-3-G District, where office use above the ground floor is principally permitted.

II. Background

A. 2010 Entitlement

The existing retail building was approved by the Planning Commission on July 8, 2010. (Motion Nos. 18156 (Downtown Project Authorization) and 18137 (Conditional Use Authorization), together the "2010 Approvals.") The 2010 Approvals authorized the construction of a 5-story, 90-foot-tall, approximately 375,700-square-foot retail shopping center building with 167 independently-accessible off-street parking spaces (approximately 76,295 square feet) at 945 Market Street (the "Property"). A site permit to construct the new building was issued by the Department of Building Inspection ("DBI") on December 27, 2012, and a Certificate of Final Completion was issued on March 27, 2017. (DBI Application No. 201011084497.) Since the project was approved, the Owner has been actively marketing the space to retailers with limited success.

B. Changing Retail Economy and Real Estate Impacts

The difficulty in finding a large retail tenant or multiple tenants for the Property's six levels of retail space stems from the continued shift of the retail landscape from brick and mortar stores to e-commerce. Online retail sales have led to an upheaval in the retail industry—Amazon is one of the largest retailers in the U.S. (Barrons.com, "Amazon To Be Largest Retailer, Largest Tech Co. by 2025, Says MKM" (Sep. 7, 2017).)

Given the significant shift in shopping habits, large upper floor spaces have become particularly problematic. In a presentation titled "Challenges for Union Square Retail Real Estate," Mark Rivers, a global real estate consultant, explained that retailers today are seeking much smaller footprints than they previously had, and are simply rejecting spaces on upper and lower floors, where sales productivity and customer circulation do not meet their needs. Further, many retailers no longer keep large inventories on site for immediate purchase by customers. "Historically, these inventories could have been maintained on secondary floor levels within a building and there would be a certain financial justification for their presence there." (*Id.*) Today, many national retailers have a business model with little or no inventory in the store at all.

As Forbes reported earlier this year:

The retail world is in a state of transition. Over the last few years, several retail giants, including Sears, Kmart, JC Penney, Macy's, Payless Shoe Source, Radio Shack and The Limited, announced multiple store closures or filed for bankruptcy protection. Overall, the number of retailers with debt rated at Moody's most distressed level has tripled since 2009 - and Moody's predicts this list will grow longer over the next five years . . . Credit Suisse recently predicted 8,600 brick and mortar store closures in 2017, with more to follow this year. The company also predicted that that about one-fourth of the nation's

1,100 shopping malls will close by 2022. (Forbes, "In The Wake Of Amazon, Trophy Retail Properties Fall Short" (Feb. 6, 2018).)

While thriving retail certainly provides important sales tax revenue to the City, vacant retail space provides no such benefit. And as noted by the Commission at the February 22, 2018 hearing on Retail to Office Conversions in Union Square, active frontages and pedestrian traffic on the street are good for retail, regardless of what draws that activity.

C. High Construction Costs Deter Tenant Build-outs

In addition to shifts in the retail economy away from brick and mortar to online sales, the high cost of construction in San Francisco is another deterrent for potential 945 Market tenants. Construction costs here are 60-100% higher than in other national markets, making the cost for an initial tenant build-out untenable for many retailers. The Owner has offered substantial credits for tenant improvement costs to help bridge this regional financial gap.

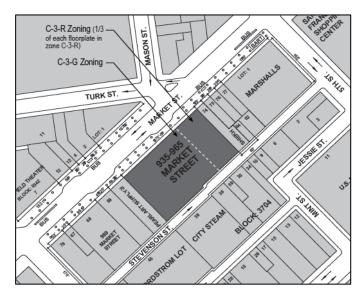
These high build-out costs, the shifting retail market, and the fact that the internal space at the Property—and west of 5th Street—does not have the same advertising value for retailers that central Union Square properties do, have together made the Property particularly difficult to fill with large, flagship retail occupants.

III. Project is Appropriate for its Location

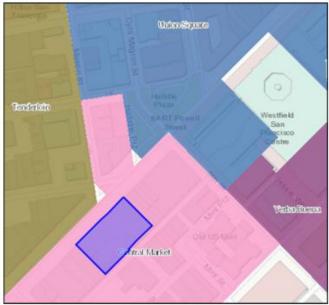
The proposed Project is necessary and desirable for, and compatible with, the neighborhood and the community, and it will not detract from the District's primary function as an area for comparison shopper retailing and direct consumer services. The 5-story 6X6 building, with its 275 feet of Market Street frontage, has sat vacant since completion. Bringing office tenants to the Property will enliven the space and draw retail tenants to serve the office employees.

The Property is located in an area primarily characterized by a mix of retail, residential, hotel, and office uses, making it appropriate for the proposed combination of office and retail uses. The location has direct access to public transit and would provide convenient service and retail options for office workers, as well as opportunities for businesses serving these workers. Because the building is new construction, the spaces proposed for conversion have never been occupied by retail tenants. Furthermore, the large floorplate spaces are not appropriate for many of the kinds of smaller retailers (e.g. watch and jewelry repair, tailors, etc.) that often occupy upper level space in Union Square.

Notably, only a small portion of the property is within the C-3-R district—the rest of the property is within the C-3-G district, where office is principally permitted above the ground floor. Only about 1/3 of each floorplate proposed for conversion falls within the C-3-R district and requires Conditional Use Authorization, the other 2/3 of each floorplate are within the C-3-G District where office is principally permitted.



In addition, the Property is located outside of the prime retail area of the Union Square Business Improvement District, instead situated within the Central Market Community Benefit District.



Planning Department Community Benefit District Map

Outside the Union Square core, the proposal to convert some of the upper floor space to office is consistent with the predominant development pattern in the immediate vicinity, where ground floor retail use with non-retail use above is common.

Furthermore, there is a precedent for office use within large retail buildings. The Westfield Center just a block away at 845 Market Street includes four floors of Class A office and institutional space. Tenants of that space include San Francisco State University, Microsoft, and Bespoke co-working—which maintains both shared office space and a demonstration component within the rotunda retail area.

As it is at the Westfield Center, upper level office use at 945 Market Street would be secondary to the lower level predominant retail. In fact, certain types of hybrid office tenants that combine work and retail spaces present an opportunity to enhance and encourage retail in the building.

Given the particular location of this Property—west of 5th Street and only partially within the C-3-R District—upper floor office here would not detract from Union Square's primary function as destination for comparison shopping and direct consumer services.

IV. Conclusion

The rapid growth of the online retail economy is changing the landscape for brick and mortar retail. Large scale retailers are eliminating their physical presence or drastically downsizing that presence. Preserving upper floor vacant retail space does not ensure that those spaces will actually be occupied by retailers—as evidenced by the lengthy vacancy at 945 Market. Active spaces have a positive impact on all aspects of the economy and foot traffic driven by office use at the Property will bolster retail in the area and spur interest within the building itself.

Accordingly, the Project Sponsor proposes to maintain full retail use on the first basement level, and the first, second, and third floors, while continuing to maintain partial retail use at the top two floors. The Project will contribute 47,522 square feet of new office space, bringing increased activity to the block and potential new customers for existing businesses.

We look forward to presenting our proposal to you on March 15. If you have any questions in advance, please feel free to call me at (415) 567-9000.

Thank you.

Very truly yours,

REUBEN, JUNIUS & ROSE, LLP

Daniel A. Frattin

cc: Myrna Melgar, Commission Vice-President Dennis Richards, Commissioner Rodney Fong, Commissioner Joel Koppel, Commissioner Kathrin Moore, Commissioner Milicent Johnson, Commissioner Claudine Asbagh, Project Planner

PROJECT DESCRIPTION- CHANGE OF USE

PROJECT DESCRIPTION & SCOPE

945 MARKET STREET 3RD AND 4TH FLOOR. SAN FRANCISCO, CA 94103 PROJECT ADDRESS:

ASSESSOR'S BLOCK/LOT:

5 STORIES (87'-0" TO ROOF & 104'-0" TO PENTHOUSE ROOF) STORIES & BUILDING HEIGHT:

YES; AUTOMATIC SPRINKLER SYSTEM SPRINKLERS:

353, 563 SF 170' X 275' LOT LENGTH & DEPTH: AREA OF 3RD FLOOR: 44, 794 GFA AREA OF 4TH FLOOR: 44, 794 GFA TYPE OF CONSTRUCTION

S-2 BASEMENT PARKING: LEVELS B3 & B2

RETAIL EXISTING 3RD FLOOR USE:

OFFICE + RETAIL PROPOSED 3RD FLOOR USE: RETAIL EXISTING 4TH FLOOR USE:

OFFICE + RETAIL

THE PROPOSED SCOPE OF WORK IS LIMITED TO CHANGE OF OCCUPANCY ON THE 3RD AND 4TH FLOOR FROM RETAIL ONLY TO OFFICE AND RETAIL. THE REMAINING OCCUPANCIES REMAIN THE SAME ON ALL OTHER FLOORS OF THE BUILDING. EXISTING ASSEMBLY & MERCANTILE OCCUPANCY REMAINS THE SAME

A-2, A-3 ASSEMBLY & MERCANTILE: LEVELS B1, 1, 2, 3, 4, 5; B-LEVELS 3, 4

ON THE 1ST, 2ND, AND 5TH FLOORS. NO CHANGE; EXISTING RETAIL

BASEMENT 1, FIRST (GROUND FLOOR), SECOND AND FIFTH FLOOR TO REMAIN RETAIL USE. 3RD AND 4TH FLOORS PARTIAL RETAIL USE/ PARTIAL OFFICE USE.

THERE IS NO EXTERIOR WORK UNDER THIS APPLICATION.

INTERIOR ALTERATIONS: YES: TO BE PERMITTED AT A LATER DATE.

CHANGE OF USE- AREA TABULATIONS

AREA TABULATIONS

LEVELS	SCOPE OF WORK	EXISTING USE	GROSS	TOTAL GROSS	OCCUPIED FLOOR	TOTAL OCCUPIED	PROPOSED USE	AREA +/- PROPOSED	TOTAL AREA PROPOSED	OCCUPIED FLOOR	TOTAL OCCUPIED
			AREA +/- EXISTING	AREA EXISTING	AREA +/- EXISTING	AREA +/- EXISTING				AREA +/- PROPOSED	AREA +/- PROPOSED
BASEMENT 3	NO WORK	PARKING / NON-PKG	37,044 SF / 7,562 SF		37,044 SF / 7,562 SF		PARKING / NON-PKG	37,044 SF / 7,562 SF		37,044 SF / 7,562 SF	
BASEMENT 2	NO WORK	PARKING / NON-PKG	35,032 SF / 9,483 SF	RETAIL (E)	34, 908 SF/ 9,483 SF		PARKING / NON-PKG	35,032 SF / 9,483 SF	RETAIL (E) = 216, 920 SF	35,032 SF / 9,483 SF	RETAIL (E) = 215, 444 SF
BASEMENT 1	NO WORK	RETAIL	39, 982 SF	= 264, 442 SF	39, 787 SF	= 253, 567 SF	RETAIL	39, 982 S F		39, 982 S F	
1ST FLOOR	NO WORK	RETAIL	45, 284 SF		37, 788 SF		RETAIL	45, 284 SF	PARKING (E) = 72,076	45, 284 SF	PARKING (E) = 72,076
2ND FLOOR	NO WORK	RETAIL	44, 794 SF	PARKING (E)	43, 998 SF	PARKING (E)	RETAIL	44, 794 SF		44, 794 SF	
3RD FLOOR	3RD FLOOR	RETAIL	44, 794 SF	= 72, 076 SF	43, 998 SF	= 71, 952 SF	OFFICE / RETAIL	23,797 SF / 20,997 SF	NON-PARKING (E) = 17,045	23, 633 SF / 20, 365 SF	NON-PARKING (E) = 17, 045
		RETAIL	44, 794 SF	NON-PARKING (E)	43, 998 SF	reore i / ii di di i di (L)		23,725 SF / 21,069 SF	OFFICE (P) = 47, 522 SF	23, 537 SF / 20, 225 SF	OFFICE (P) = 47, 170 SF
5TH FLOOR	NO WORK	RETAIL	44, 794 SF	= 17, 045	43, 998 SF	= 17, 045	RETAIL	44, 794 SF		44, 794 SF	

DRAWING INDEX

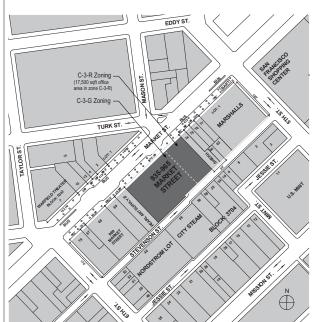
SHEET NUMBER	SHEET NAME
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A 1.1	EXISTING BASEMENT 3 FLOOR PLAN
A 1.2	EXISTING BASEMENT 2 FLOOR PLAN
A 1.3	EXISTING BASEMENT 1 FLOOR P LAN
A 1.4	EXISTING FIRST FLOOR PLAN
A 1.5	EXISTING SECOND FLOOR PLAN
A 1.6	EXISTING THIRD FLOOR PLAN
A 1.7	EXISTING FOURTH FLOOR PLAN
A 1.8	EXISTING FIFTH FLOOR PLAN
A 2.1	PROPOSED THIRD FLOOR PLAN
A 2.2	PROPOSED FOURTH FLOOR PLAN
A 3.1	EXISTING IMAGES AND ELEVATIONS
A 4.1	EXISTING BUILDING SECTION

NORTH ELEVATION











525 DESIGN

BOULDER:

1360 Walnut Street, 102 Boulder, CO 80304

CHARLOTTE: 508 West Fifth St., 250 Charlotte, NC 28202 facsimile 704 348 7005

461 Bush Street, 300 San Francisco, CA 94108 telephone 415 421 9900

6X6 San Francisco

3rd and 4th Floor Use Change

6x6 945 Market St, SF, CA 94103

PROJECT

MSP PROPERTY, LLC

CO, JP, AF, KL

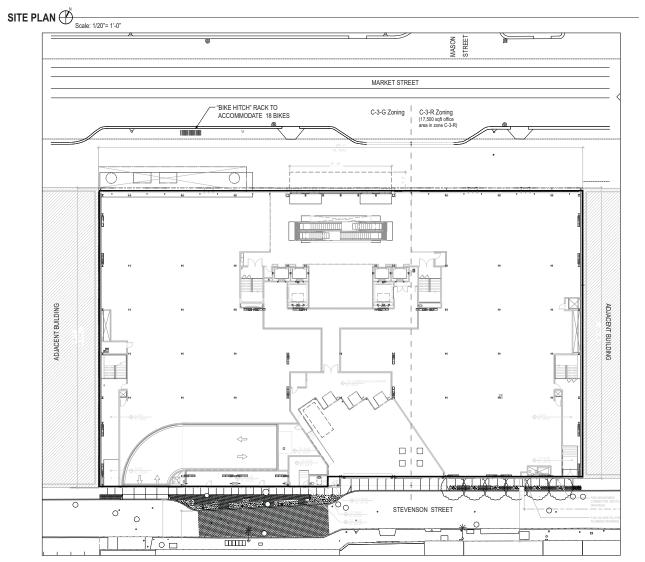
505DESIGN TEAM

CLIENT:

MSP Property, LLC 8343 Douglas Ave, 200 Dallas, TX, 75225 t (214) 561-8856 Jeff Coker

BUILDING MANAGEMENT:

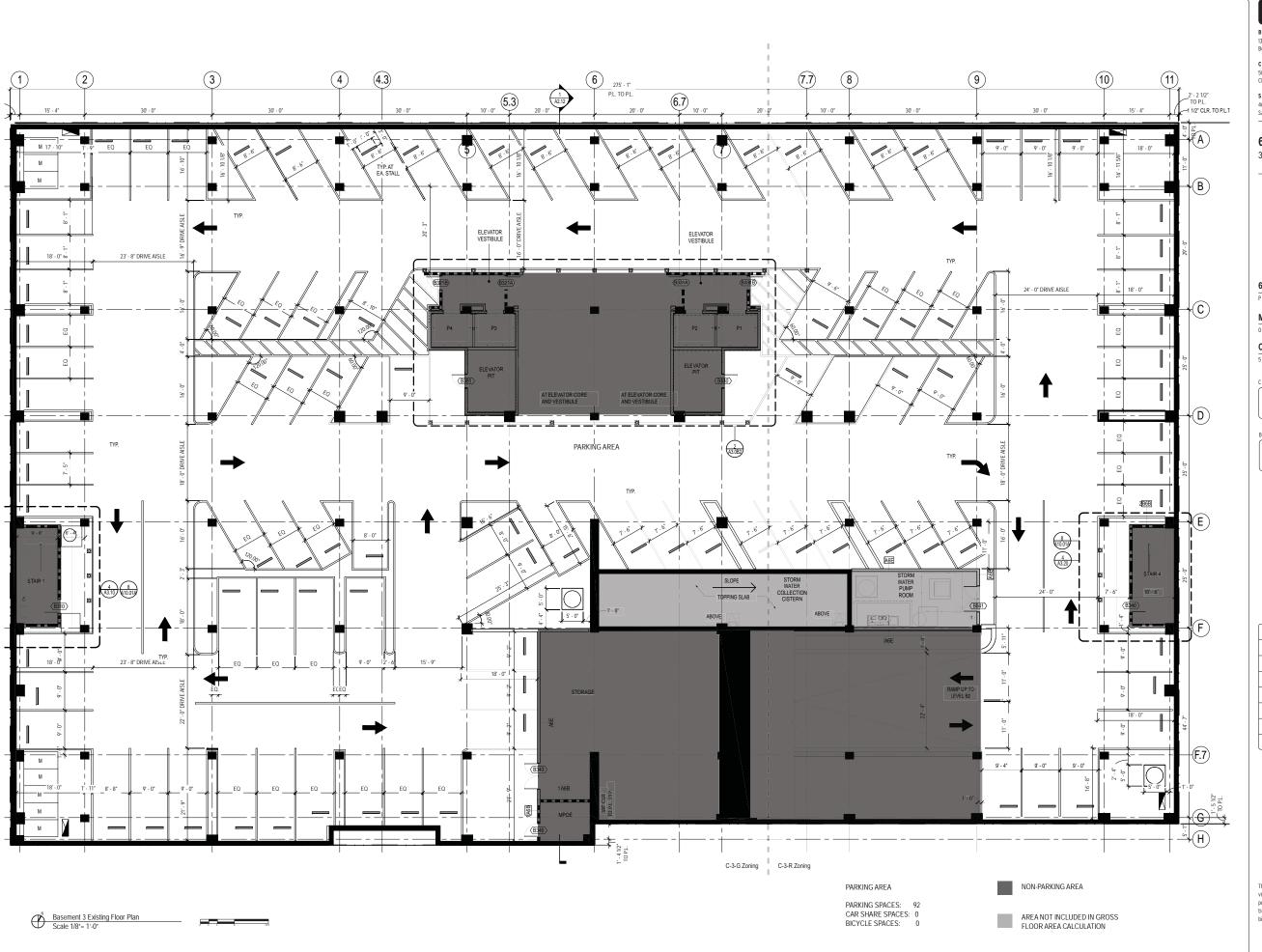
Cushman & Wakefield	t (415) 518-0893
425 Market St, 2300	Pam Mendelsohn
SF, CA 94105	





These drawings are for the sole purpose of expressing visual design intent and are not intended for construction purposes. All aspects engineering, fabrication, installation, and any resulting documentation are the responsi-bility of the Contractor/ Fabricator.

A 0.0 COVER SHEET



BOULDER:

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6X6 San Francisco 3rd and 4th Floor Use Change

6x6 945 Market St, SF, CA 94103

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MSP PROPERTY, LLC

OWNER

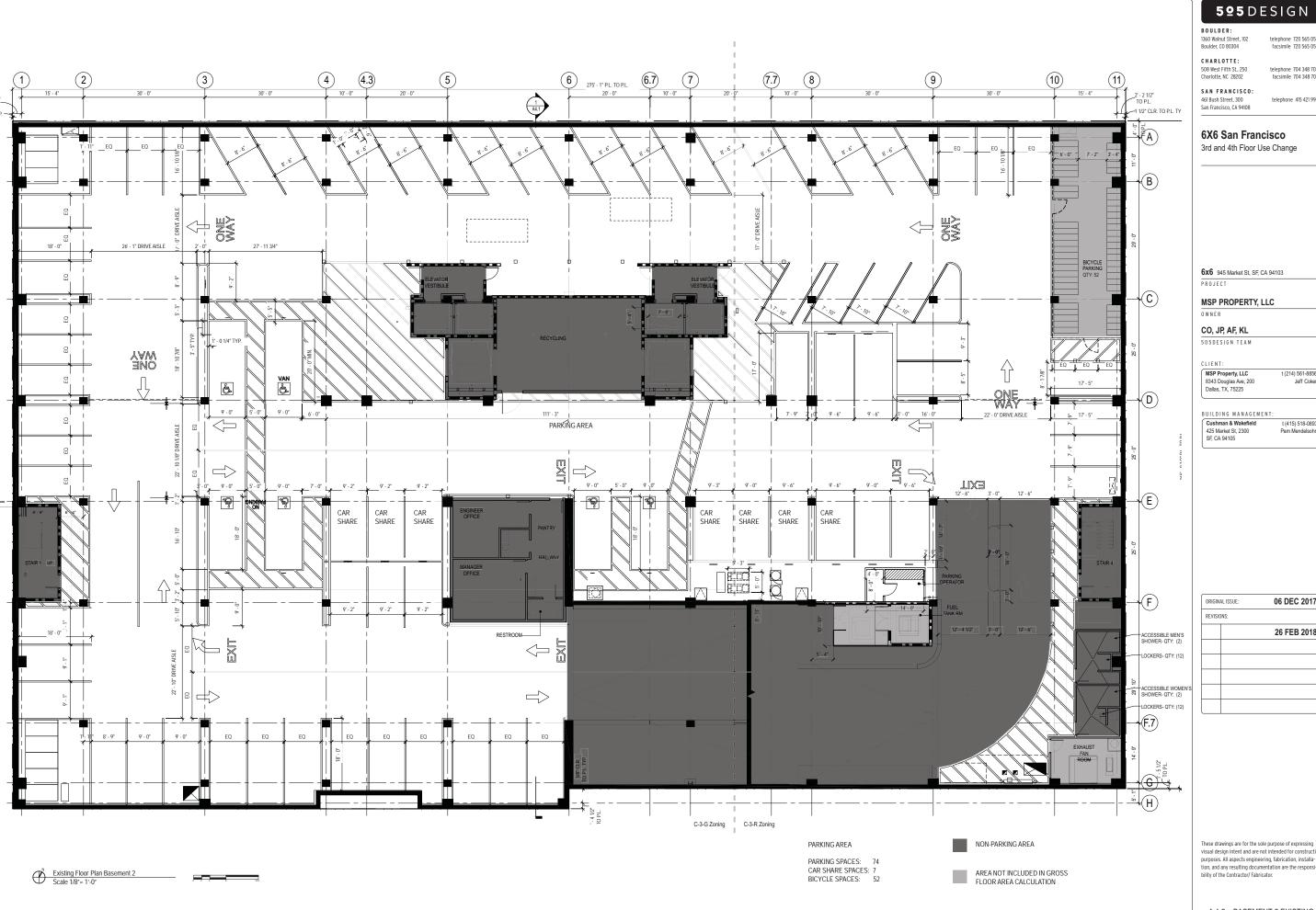
CO, JP, AF, KL 505DESIGN TEAM

MSP Property, LLC 8343 Douglas Ave, 200 Dallas, TX, 75225 t (214) 561-8856 Jeff Coker

BUILDING MANAGEMENT:

Cushman & Wakefield 425 Market St, 2300 SF, CA 94105 t (415) 518-0893 Pam Mendelsohn

> 06 DEC 2017 ORIGINAL ISSUE: REVISIONS: 26 FEB 2018



telephone 720 565 0505 facsimile 720 565 0504

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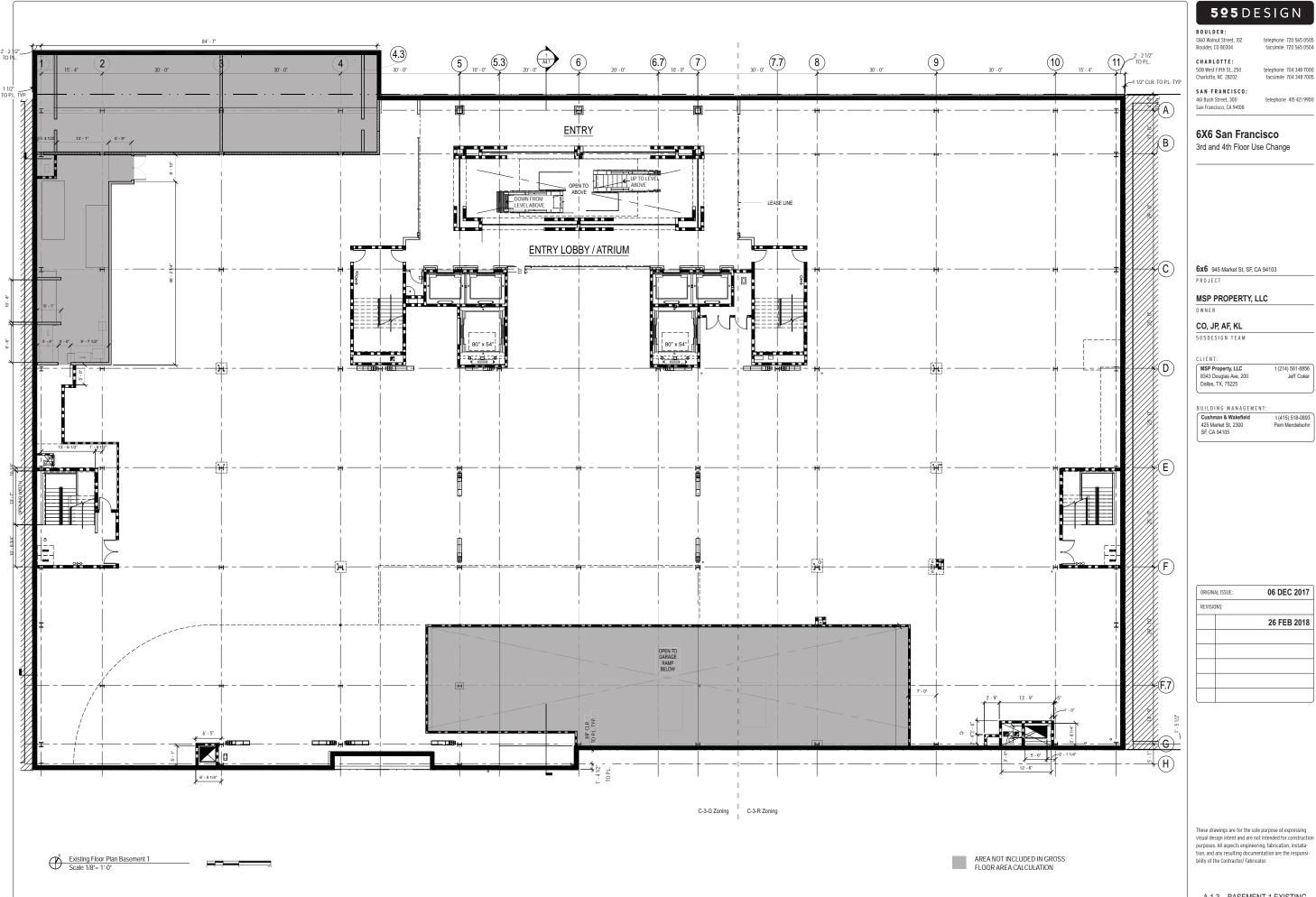
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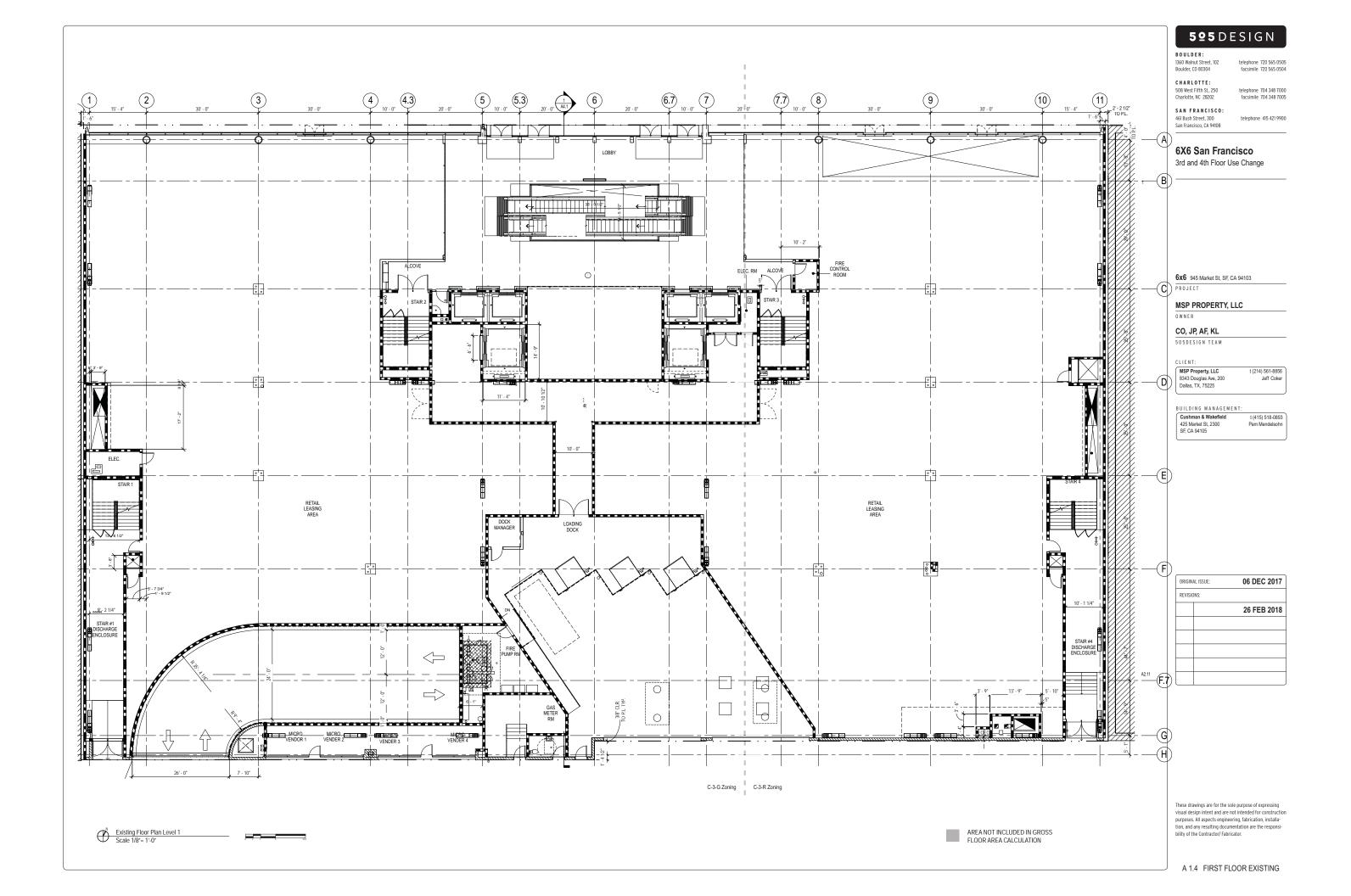
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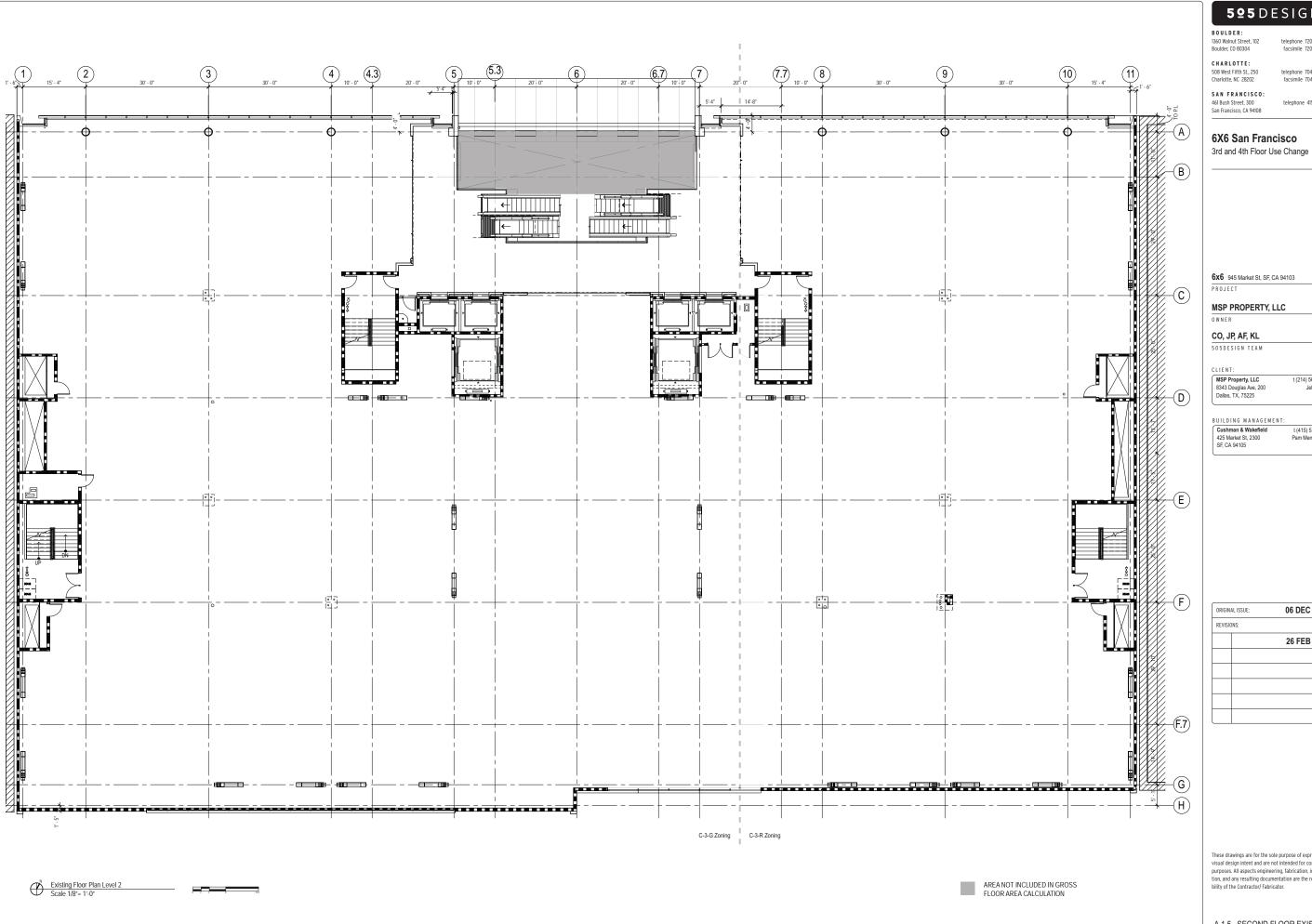
06 DEC 2017



telephone 704 348 7000 facsimile 704 348 7005

t (415) 518-0893 Pam Mendelsohn





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telephone 415 421 9900

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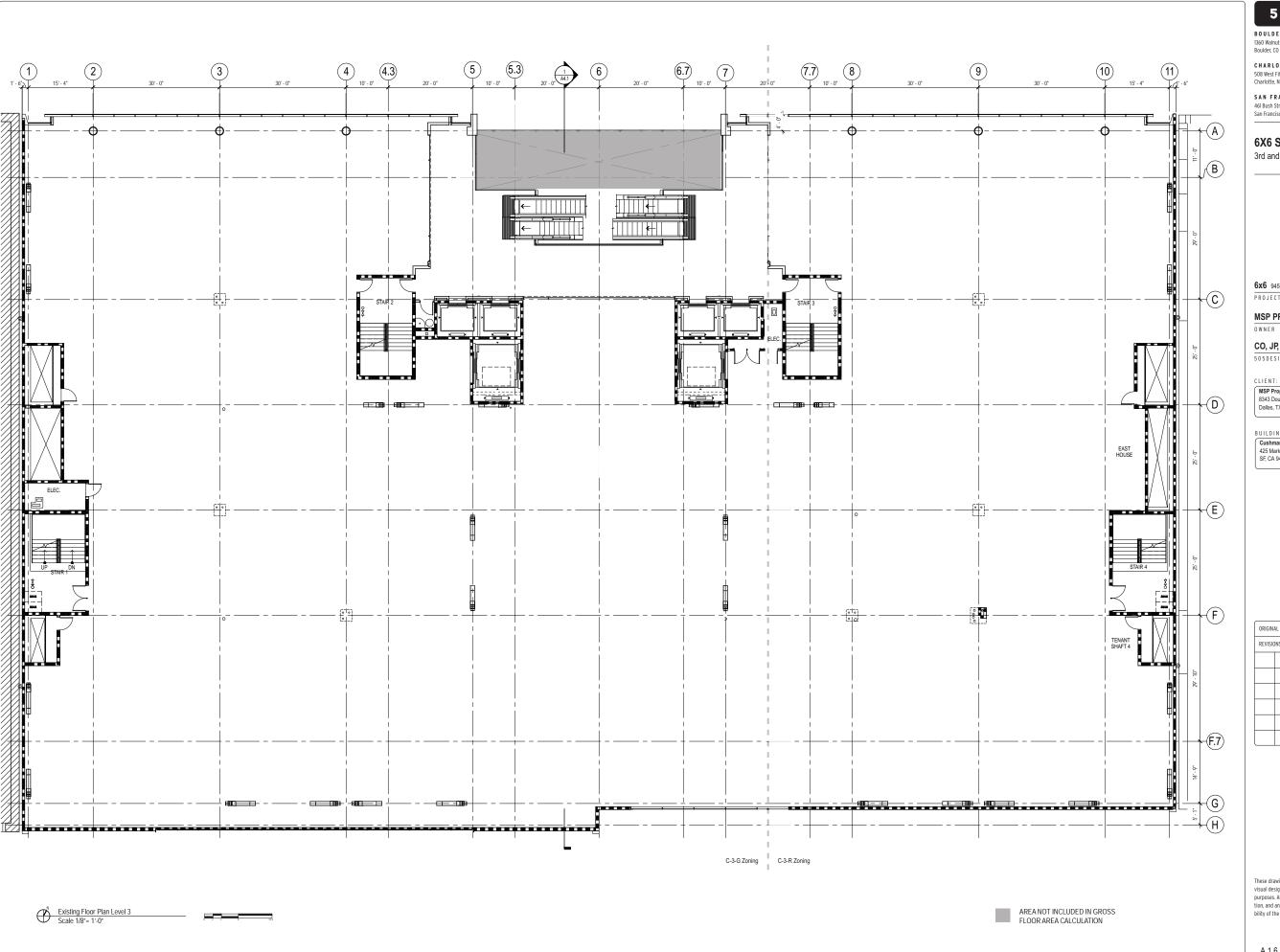
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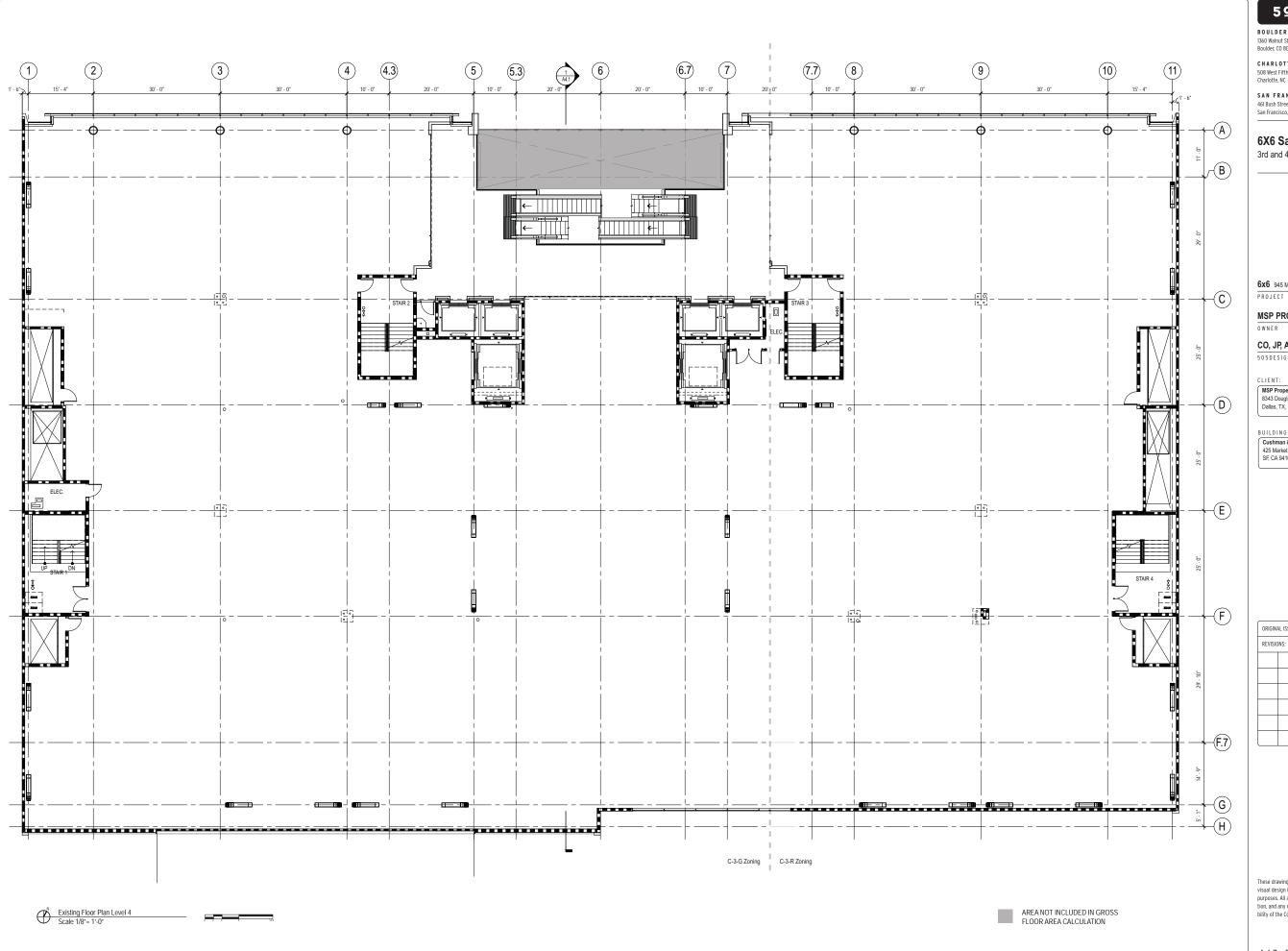
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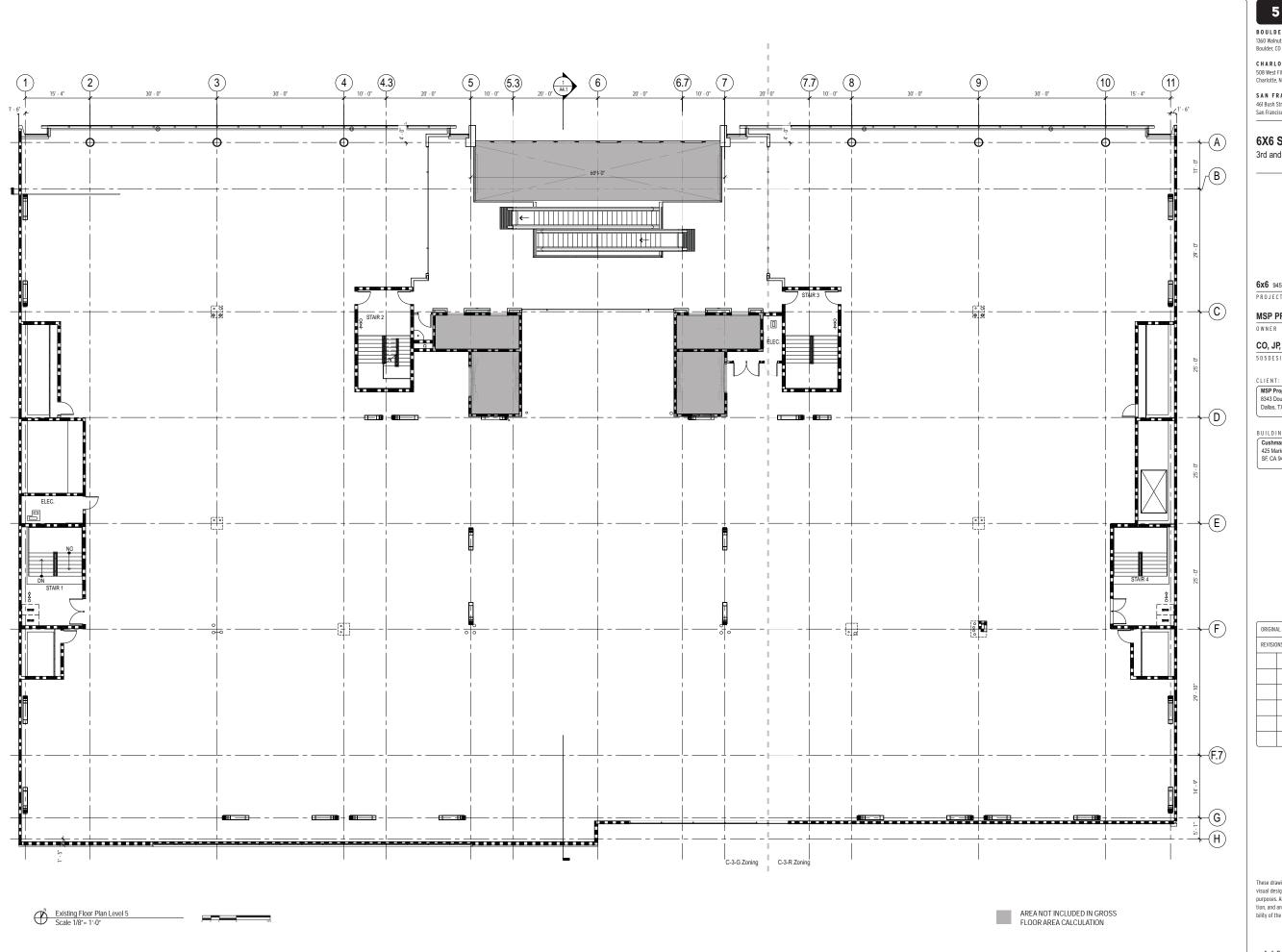
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425 Market St, 2300

SF, CA 94105 t (415) 518-0893 Pam Mendelsohn

> 06 DEC 2017 ORIGINAL ISSUE: REVISIONS: 26 FEB 2018



BOULDER:

1360 Walnut Street, 102 Boulder, CO 80304 telephone 720 565 0505 facsimile 720 565 0504

CHARLOTTE: 508 West Fifth St., 250 Charlotte, NC 28202 telephone 704 348 7000 facsimile 704 348 7005

461 Bush Street, 300 San Francisco, CA 94108 telephone 415 421 9900

6X6 San Francisco

3rd and 4th Floor Use Change

6x6 945 Market St, SF, CA 94103

MSP PROPERTY, LLC

OWNER

CO, JP, AF, KL

505DESIGN TEAM

MSP Property, LLC 8343 Douglas Ave, 200 Dallas, TX, 75225 t (214) 561-8856 Jeff Coker

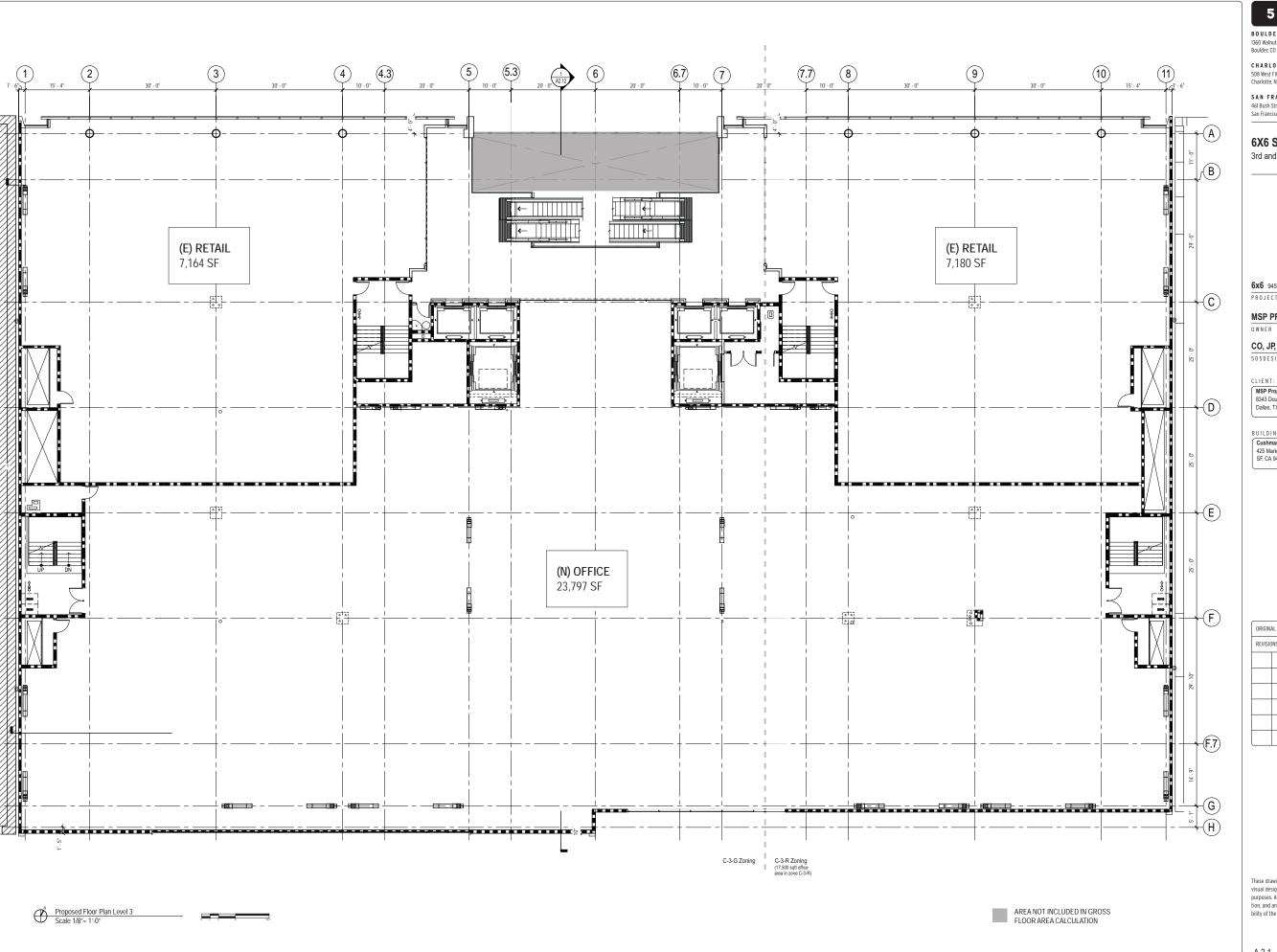
BUILDING MANAGEMENT:

Cushman & Wakefield

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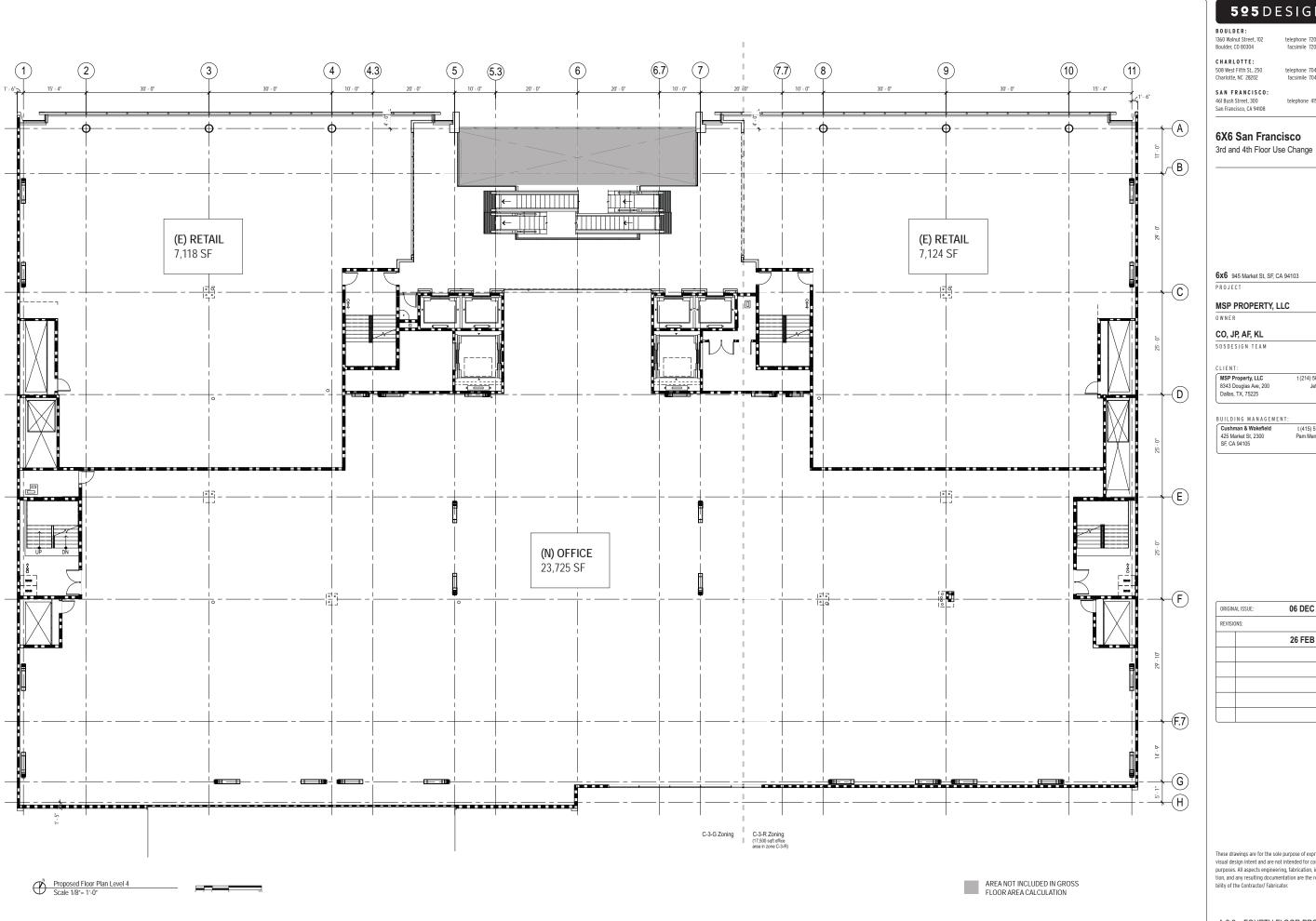
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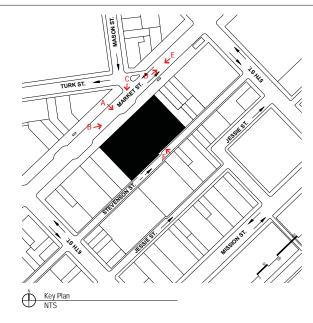
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F. VIEW FROM STEVENSON STREET

C. FRONT/ EAST FACADE ELEVATION IMAGE



E. NEIGHBORHOOD BUILDING VIEW LOOKING TOWARDS 6TH STREET



B. FRONT/ SOUTH FACADE ELEVATION IMAGE





A. FRONT/ NORTH FACADE ELEVATION IMAGE

595 DESIGN

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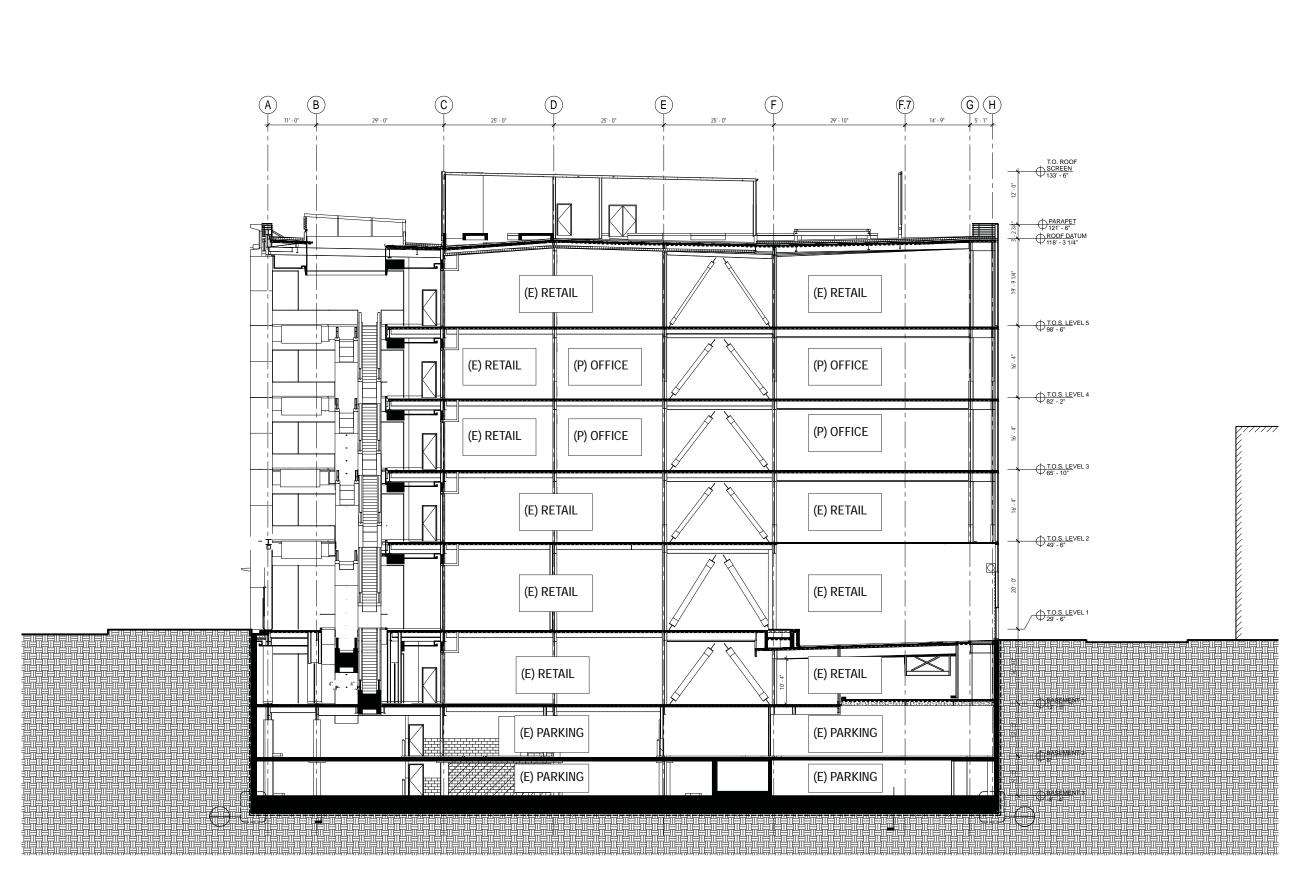
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