



SAN FRANCISCO PLANNING DEPARTMENT

Executive Summary Conditional Use

HEARING DATE: NOVEMBER 30, 2017

Date: November 22, 2017
Case No.: **2014.1364CUA VAR**
Project Address: **1555 UNION STREET**
Zoning: Union Street Neighborhood Commercial (NC) District
40-X Height and Bulk District
Block/Lot: 0546/001B
Project Sponsor: Michael Stanton
Stanton Architecture
1501 Mariposa Street, #328
San Francisco, CA 94107
Staff Contact: Brittany Bendix – (415) 575-9114
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Recommendation: **Approval with Conditions**

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PROJECT DESCRIPTION

The project proposes the demolition of an existing two-story, approximately 16,040 square foot tourist motel, and the construction of a four-story 40-foot tall, approximately 58,620 square foot tourist hotel. The project would include 100 hotel rooms, 29 below-grade off-street parking spaces, one off-street freight loading space and eight Class 1 bicycle parking spaces.

SITE DESCRIPTION AND PRESENT USE

The project site is located on the south side of Union Street, between Van Ness Avenue and Franklin Street; Lot 001B in Assessor's Block 0546. The property has 116 feet 8 inches of street frontage on Union Street and is 137 feet 6 inches deep, with a total lot area of 16,042 square feet. The lot also slopes upward to the east and to the south. The property is located within the Union Street Neighborhood Commercial District and a 40-X Height and Bulk District, and is improved with a 40-room two-story tourist motel (d.b.a. Pacific Heights Inn) and provides 30 off-street surface parking spaces, seven spaces are perpendicular parking accessed directly from Union Street at the front of the site, and 23 spaces are in the central courtyard. The property currently has a 65-foot 9-inch wide curb cut onto Union Street. The motel was constructed circa 1955 and is still in operation.

SURROUNDING PROPERTIES AND NEIGHBORHOOD

The project site is located at the eastern edge of the Union Street Neighborhood Commercial District and is one of only two properties on the subject block that are within this district. The subject block is unique given the diversity of zoning districts which it contains. Other properties within the subject block are zoned as RC-3 (Residential-Commercial, Medium Density) Zoning District to the east, the RM-2 (Residential, Mixed, Moderate Density) Zoning District to the south, and the RH-3 (Residential, House, Three-Family) Zoning District to the west. As expected, the uses and massing of structures on the

surrounding properties generally conform to their respective zoning districts, both density and height increase towards Van Ness Avenue, and the zoning of the subject property facilitates that transition.

Properties on the north side of Union Street, opposite the subject site are within the Union Street NCD and are developed with two- to four-story structures containing ground floor neighborhood-serving uses and two to six dwelling units on upper stories. Immediately east of the subject property, is a two-story commercial building containing a retail use (d.b.a. Ruby Living Design) which marks the end of the Union Street NCD. The property further east, at the northeast corner of the subject block is occupied by a former gas station and is at the intersection of Union Street and Van Ness Avenue. The Department is currently reviewing a development proposal at this corner site that would replace the gas station with a new seven-story 41-unit multi-family residential building above ground floor retail. Other properties within the subject block that front on Van Ness Avenue include a surface parking lot, a seven-story 41-unit apartment building constructed circa 1926, and a two-story religious building (d.b.a. Holy Trinity Orthodox Cathedral). Properties south of, uphill from, and behind the project site, fronting on Green Street, are within the RM-2 Zoning District, contain two to seven residential units and range in height from three to four stories. Properties west of and downhill from the project site, including the immediate neighbor and the properties fronting on Franklin Street, are within the RH-3 Zoning District. These properties are developed with three-story residential buildings containing two to five units, with one exception at 2544 Franklin Street, a two-story single-family dwelling located in its rear yard.

ENVIRONMENTAL REVIEW

On November 21, 2017, the Project was determined to be exempt from the California Environmental Quality Act ("CEQA") as a Class 32 Categorical Exemption under CEQA as described in the determination contained in the Planning Department files for this Project;

HEARING NOTIFICATION

TYPE	REQUIRED PERIOD	REQUIRED NOTICE DATE	ACTUAL NOTICE DATE	ACTUAL PERIOD
Classified News Ad	20 days	November 10, 2017	November 8, 2017	22 days
Posted Notice	20 days	November 10, 2017	November 10, 2017	20 days
Mailed Notice	10 days	November 10, 2017	November 10, 2017	20 days

The proposal requires a Section 312-neighborhood notification, which was conducted in conjunction with the conditional use authorization process.

PUBLIC COMMENT/COMMUNITY OUTREACH

As of the drafting of this motion, the Department has received 27 letters in support of the project, including one from the Union Street Association. The Department has also received three letters in opposition to the project. These letters are from immediate neighbors and raise the following concerns: location of the proposed blade sign; the encroachment of the proposed building mass into the required rear yard; stability of soil and the possible encounter of water during construction; the reduction of required off-street parking; and the appropriateness of intensifying a tourist-related use

ISSUES AND OTHER CONSIDERATIONS

- The project includes a 100-room hotel and therefore requires a Conditional Use Authorization (CUA). In addition to standard findings, the Commission must consider specific criteria related to: the impact of hotel employees on the demand for housing, public transit, child-care, and other social services; the employment opportunities the hotel will create for City residents; and the market demand for the proposed hotel. Given that the existing use is a tourist motel, the minor increase in employment would not generate a substantial demand for additional housing in the context of citywide employment growth, nor would it exceed employment and housing projections currently part of citywide planning efforts. The project sponsor will also comply with the City's First Source Hiring Program, ensuring certain positions are offered to local residents. Lastly, the market demand analysis prepared for the project found that the project would help alleviate the shortage of hotel rooms within the city and could achieve an initial occupancy of 80 percent in 2019, with an increase to 85 percent in 2020.
- The project also requires Conditional Use Authorization for development of a large lot and establishment of a large use. In addition to the findings noted above, the Commission must also consider specific criteria related to: the project's compatibility with the existing scale and design features of the district; the potential for the use to foreclose the location of other needed neighborhood-serving uses; and the necessity of a larger size in order for the proposed use to function. Throughout the draft Motion, various findings state that the massing of the proposed building and the modulation of its façade help facilitate a transition between the RH-3 Zoning District to the west, and the RC-3 Zoning District to the east. Further, the proposal replaces one large tourist related use with another, yet is in greater conformity with the General Plan and Planning Code than the existing motel, which is not permitted in the Union Street NCD.
- The project requires a reduction to the required amount of off-street parking. Generally reviewed by the Zoning Administrator through an administrative process, the project is seeking a reduction in off-street parking per Planning Code Section 307(i). The Project proposes a 100-room tourist hotel in an NC zoning district and is required by the Planning Code to provide 80 off-street parking spaces. The proposal includes a total of 29 off-street accessory parking spaces, two of which are designated as car share spaces. When reducing off-street parking per Section 307(i) the Planning Commission must consider specific findings related to: the reasonable anticipated automobile usage by residents of and visitors to the site; the detrimental effect on the health, safety, convenience, or general welfare of persons residing in or working in the vicinity; the minimization of conflict of vehicular and pedestrian movements; the availability of transportation modes other than the automobile; and the pattern of land use and character in the vicinity.

The project provides less than the required amount of parking, but is consistent with the Transit First policies of the City and the General Plan which encourages lowering the number of automobile parking spaces required in buildings when bicycle parking is required, or when the site is well-served by public transit, as well as bicycle and pedestrian improvements. The proposal includes eight Class 1 bicycle parking spaces, which is more than the minimum three spaces required by the Planning Code, and which may be substituted for off-street parking

spaces. The project also provides a Transportation Demand Management plan, will contribute to the Transportation Sustainability Fund and is seeking approval from MTA to establish a white loading zone in front of the hotel. The site is also within a block of the Van Ness Transit Corridor and within .5-mile of San Francisco's northern waterfront tourist destinations.

- The project requires a Rear Yard Variance that will be considered by the Zoning Administrator under Case No. 2014.1364VAR. The subject property has a depth of 137 feet 6 inches and requires a rear yard equal to 34 feet 4.5 inches. The proposal provides a rear yard of 25 feet 1.5 inches at the second story and levels above, projecting 9 feet 3.5 inches into the required rear yard. The portion of the building projecting into the required rear yard is 57 feet 3.5 inches wide and offsets a portion of the site's buildable area, above the ground floor, that will remain undeveloped. This results in less massing against the RH-3 zoned neighbors.

REQUIRED COMMISSION ACTION

In order for the project to proceed, the Commission must grant conditional use authorization to construct a four-story 58,620 square-foot tourist hotel containing 100 guest rooms and 29 below grade off-street parking spaces within the Union Street Neighborhood Commercial Zoning District and a 40-X Height and Bulk District, pursuant to Planning Code Sections 121.1, 121.2, 303(c), 303(g), 307(i) and 725.55.

BASIS FOR RECOMMENDATION

- The project would create new hotel rooms to support the City's tourism sector, generate revenue for the City through additional Hotel Occupancy Tax, provide publicly accessible open space, and provide ground-floor uses that will help to activate Union Street.
- The project re-establishes and modernizes a hospitality use that has been active for over 60 years while improving the public realm and fitting within the scale of the transitioning block.
- The project complies with the applicable requirements of the Planning Code.
- The project is consistent with the objectives and policies of the General Plan.
- The project proposes a massing and site design that is consistent with the surrounding context.
- The project is desirable for, and compatible with the surrounding neighborhood.

RECOMMENDATION:	Approval with Conditions
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Attachments:

Block Book Map
Sanborn Map
Aerial Photographs
Categorical Exemption
TDM Plan
First Source Hiring Affidavit
Market Demand Analysis
Public Correspondence
Project Sponsor Submittal, including:

- Letter to Commissioners
- Reduced Plans

Attachment Checklist

- | | |
|---|--|
| <input checked="" type="checkbox"/> Executive Summary | <input checked="" type="checkbox"/> Project sponsor submittal |
| <input checked="" type="checkbox"/> Draft Motion | Drawings: <u>Existing Conditions</u> |
| <input checked="" type="checkbox"/> Environmental Determination | <input checked="" type="checkbox"/> Check for legibility |
| <input checked="" type="checkbox"/> Zoning District Map | Drawings: <u>Proposed Project</u> |
| <input checked="" type="checkbox"/> Height & Bulk Map | <input checked="" type="checkbox"/> Check for legibility |
| <input checked="" type="checkbox"/> Parcel Map | 3-D Renderings (new construction or significant addition) |
| <input checked="" type="checkbox"/> Sanborn Map | <input checked="" type="checkbox"/> Check for legibility |
| <input checked="" type="checkbox"/> Aerial Photo | <input type="checkbox"/> Wireless Telecommunications Materials |
| <input checked="" type="checkbox"/> Context Photos | <input type="checkbox"/> Health Dept. review of RF levels |
| <input checked="" type="checkbox"/> Site Photos | <input type="checkbox"/> RF Report |
| | <input type="checkbox"/> Community Meeting Notice |
| | <input type="checkbox"/> Housing Documents |
| | <input type="checkbox"/> Inclusionary Affordable Housing Program: Affidavit for Compliance |

Exhibits above marked with an "X" are included in this packet

Planner's Initials

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SAN FRANCISCO PLANNING DEPARTMENT

Subject to: (Select only if applicable)

- | | |
|---|---|
| <input type="checkbox"/> Affordable Housing (Sec. 415) | <input checked="" type="checkbox"/> First Source Hiring (Admin. Code) |
| <input checked="" type="checkbox"/> Jobs Housing Linkage Program (Sec. 413) | <input checked="" type="checkbox"/> Child Care Requirement (Sec. 414) |
| <input type="checkbox"/> Downtown Park Fee (Sec. 412) | <input checked="" type="checkbox"/> Other (TSF) |

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Planning Commission Draft Motion

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ADOPTING FINDINGS RELATING TO THE APPROVAL OF CONDITIONAL USE AUTHORIZATION PURSUANT TO SECTIONS 121.1, 121.2, 303(c), 303(g), 307(i) AND 725.55 OF THE PLANNING CODE TO DEMOLISH AN EXISTING TWO-STORY TOURIST MOTEL CONTAINING 40 GUEST ROOMS AND 30 SURFACE OFF-STREET PARKING SPACES, AND TO CONSTRUCT A 58,620 SQUARE-FOOT FOUR-STORY TOURIST HOTEL CONTAINING 100 GUEST ROOMS AND 29 BELOW GRADE OFF-STREET PARKING SPACES WITHIN THE UNION STREET NEIGHBORHOOD COMMERCIAL DISTRICT AND 40-X HEIGHT AND BULK DISTRICT; AND ADOPTING FINDINGS UNDER THE CALIFORNIA ENVIRONMENTAL QUALITY ACT.

PREAMBLE

On June 30, 2015, Michael Stanton (hereinafter "Project Sponsor") filed an application with the Planning Department (hereinafter "Department") for Conditional Use Authorization under Planning Code Section(s) 121.1, 121.2, 303(c), 303(g), 307(i) and 725.55 to demolish an existing two-story tourist motel and to construct a four-story 58,620 square-foot four-story tourist hotel containing 100 guest rooms and 29 below grade off-street parking spaces within the Union Street Neighborhood Commercial District and 40-X Height and Bulk District.

On November 21, 2017, the Project was determined to be exempt from the California Environmental Quality Act ("CEQA") as a Class 32 Categorical Exemption under CEQA as described in the determination contained in the Planning Department files for this Project;

On November 30, 2017, the San Francisco Planning Commission (hereinafter "Commission") conducted a duly noticed public hearing at a regularly scheduled meeting on Conditional Use Application No. 2014.1364CUA.

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 requested in Application No. 2014.1364CUA, 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 site is located on the south side of Union Street, between Van Ness Avenue and Franklin Street; Lot 001B in Assessor's Block 0546. The property has 116 feet 8 inches of street frontage on Union Street and is 137 feet 6 inches deep, with a total lot area of 16,042 square feet. The lot also slopes upward to the east and to the south. The property is located within the Union Street Neighborhood Commercial District and a 40-X Height and Bulk District, and is improved with a 40-room two-story tourist motel (d.b.a. Pacific Heights Inn) and provides 30 off-street surface parking spaces, seven spaces are perpendicular parking accessed directly from Union Street at the front of the site, and 23 spaces are in the central courtyard. The property currently has a 65-foot 9-inch wide curb cut onto Union Street. The motel was constructed circa 1955 and is still in operation.
3. **Surrounding Properties and Neighborhood.** The project site is located at the eastern edge of the Union Street Neighborhood Commercial District and is one of only two properties on the subject block that are within this district. The subject block is unique given the diversity of zoning districts which it contains. Other properties within the subject block are zoned as RC-3 (Residential-Commercial, Medium Density) Zoning District to the east, the RM-2 (Residential, Mixed, Moderate Density) Zoning District to the south, and the RH-3 (Residential, House, Three-Family) Zoning District to the west. As expected, the uses and massing of structures on the surrounding properties generally conform to their respective zoning districts, both density and height increase towards Van Ness Avenue, and the zoning of the subject property facilitates that transition.

Properties on the north side of Union Street, opposite the subject site are within the Union Street NCD and are developed with two- to four-story structures containing ground floor neighborhood-serving uses and two to six dwelling units on upper stories. Immediately east of the subject property, is a two-story commercial building containing a retail use (d.b.a. Ruby

Living Design) which marks the end of the Union Street NCD. The property further east, at the northeast corner of the subject block is occupied by a former gas station and is at the intersection of Union Street and Van Ness Avenue. The Department is currently reviewing a development proposal at this corner site that would replace the gas station with a new seven-story 41-unit multi-family residential building above ground floor retail. Other properties within the subject block that front on Van Ness Avenue include a surface parking lot, a seven-story 41-unit apartment building constructed circa 1926, and a two-story religious building (d.b.a. Holy Trinity Orthodox Cathedral). Properties south of, uphill from, and behind the project site, fronting on Green Street, are within the RM-2 Zoning District, contain two to seven residential units and range in height from three to four stories. Properties west of and downhill from the project site, including the immediate neighbor and the properties fronting on Franklin Street, are within the RH-3 Zoning District. These properties are developed with three-story residential buildings containing two to five units, with one exception at 2544 Franklin Street, a two-story single-family dwelling located in its rear yard.

4. **Project Description.** The project proposes the demolition of an existing two-story, approximately 16,040 square foot tourist motel, and the construction of a four-story 40-foot tall, approximately 58,620 square foot tourist hotel. The project would include 100 hotel rooms, 29 below-grade off-street parking spaces, one off-street freight loading space and eight Class 1 bicycle parking spaces.
5. **Public Comment.** As of the drafting of this motion, the Department has received 27 letters in support of the project, including one from the Union Street Association. The Department has also received three letters in opposition to the project. These letters are from immediate neighbors and raise the following concerns: location of the proposed blade sign; the encroachment of the proposed building mass into the required rear yard; stability of soil and the possible encounter of water during construction; the reduction of required off-street parking; and the appropriateness of intensifying a tourist-related use.
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. **Tourist Hotels in the Union Street Neighborhood Commercial District.** Planning Code Section 725.55 requires Conditional Use Authorization to establish a tourist hotel within the Union Street Neighborhood Commercial District. Planning Code Section 725.55 defines a 'Tourist Hotel' as a retail use which provides tourist accommodations, including guest rooms or suites, which are intended or designed to be used, rented, or hired out to guests (transient visitors) intending to occupy the room for less than 32 consecutive days. This definition is distinct from a tourist motel, which contains guest rooms or suites which are independently accessible from the outside, with garage or parking spaces located on the lot, and designed for, or occupied by, automobile-traveling transient visitors. Tourist hotels shall be designed to include all lobbies, offices and internal circulation to guest rooms and suites within and integral to the same enclosed building or buildings as the guest rooms or suites.

The proposal will result in the demolition of a 40 room tourist motel and the new construction of a 100 room tourist hotel. The required criteria per Planning Code Section 303(g), for consideration by the Planning Commission, are outlined under Section 8 of this Motion.

- B. **Development of Large Lots.** Planning Code Section 121.1 requires Conditional Use Authorization for new construction on lots greater than 5,000 square feet within an NC-2 Zoning District.

The subject property is approximately 16,041 square feet and located within the Union Street NCD. The proposal is seeking Conditional Use Authorization to construct a new commercial building. The required criteria per Planning Code Section 121.1, for consideration by the Planning Commission, are outlined under Section 9 of this Motion.

- C. **Non-Residential Use Size Limits in Neighborhood Commercial Districts.** Planning Code Section 121.2 requires Conditional Use Authorization to establish non-residential uses larger than 2,500 square feet in the Union Street NCD.

The proposed use is 46,345 gross square feet and located within the Union Street NCD. The proposal is seeking Conditional Use Authorization to establish a new non-residential use larger than 2,500 gross square feet. The required criteria per Planning Code Section 121.2, for consideration by the Planning Commission, are outlined under Section 10 of this Motion.

- D. **Floor Area Ratio.** The floor area ratio (FAR) limit as defined by Planning Code Section 124 for the Union Street NCD is 3.0 to 1.

The subject property is 16,041 square feet and the proposed commercial use is 46,345 gross square feet; therefore, the project has a floor area ratio of 2.88. The proposed FAR is below the limit prescribed by the Planning Code.

- E. **Rear Yard.** Planning Code Section 134 requires that properties in the Union Street NCD provide a rear yard at the second story, and at each succeeding story of the building equal to 25 percent of the total lot depth.

The subject property has a depth of 137 feet 6 inches and requires a rear yard equal to 34 feet 4.5 inches. The proposal provides a rear yard of 25 feet 1.5 inches at the second story and levels above, projecting 9 feet 3.5 inches into the required rear yard. As a result, the project requires a variance from the Zoning Administrator to address the rear yard requirements of Planning Code Section 134 (See Case No. 2014.1364VAR).

- F. **Street Frontage in Neighborhood Commercial Districts.** Planning Code Section 145.1 requires that any new development include the following: 1) a 25-foot setback on the ground floor for any off-street parking provided at street grade; 2) street frontage dedicated to parking and loading ingress or egress that is no greater than 20-feet in width and placed to minimize interference with street-fronting active uses, as well as the movement of pedestrians, cyclists, public transit, and autos; 3) active uses at the ground floor that are provided within the first 25 feet of building depth and 15 feet on floor above from any façade

facing a street at least 30 feet in width; 4) a minimum floor to floor height of 10 feet at the ground floor; 5) street-facing, ground-level, principal entrances to the interior spaces of non-residential uses or lobbies; 6) ground floor fenestration for non-residential or non-PDR active uses that include transparent windows and doorways for no less than 60 percent of the street frontage at ground level and that allow visibility to the inside of the building; and 7) that any decorative railings or grill work, other than wire mesh, which is placed in front of or behind ground floor windows, must be at least 75 percent open to perpendicular view.

The Project meets the requirements of Planning Code Section 145.1. Off-street parking is located below grade and the project has only one 15-foot 7-inch wide garage entrance to the below-grade off-street parking located on Union Street. Further, the project eliminates the existing 65-foot 9-inch wide curb cut, reducing and relocating it in a manner that minimizes the site's interference with the movement of pedestrians, cyclists, public transit, and automobiles. The project also includes an 11-foot 6-inch floor to floor ceiling height at the ground floor level and includes 60 percent transparent windows and doorways at the street frontage that is not obscured by decorative railings or grill work.

- G. **Off-Street Parking.** Planning Section 151 of the Planning Code requires that hotels in NC Districts provide one off-street parking spaces at a ratio of 0.8 spaces per each guest bedroom.

The Project proposes a 100 room tourist hotel in an NC zoning district. Therefore, the project requires 80 off-street parking spaces. The proposal includes a total of 29 off-street accessory parking spaces, two of which are designated as car share spaces. Per Planning Code Section 161(f), the Planning Commission may reduce the off-street parking requirements in NC Districts pursuant to the criteria stated in Section 307(i). The required criteria are outlined under Section 11 of this Motion.

- H. **Off-Street Freight Loading.** Planning Code Section 152 requires certain amounts of off-street freight loading space based on the type and size of uses in a project. For hotel uses between 10,000 and 60,000 square feet of occupied floor area, one off-street loading space is required.

The proposed hotel will have approximately 37,076 square feet of occupied floor area. Therefore, the project requires one off-street loading space, which the proposal includes in the below grade off-street parking garage.

- I. **Bicycle Parking.** Planning Code Section 155.2 requires one Class 1 bicycle parking space and one Class 2 bicycle parking space for every 30 hotel rooms.

The project proposes 100 hotel rooms and therefore requires three Class 1 and three Class 2 bicycle parking spaces. The proposal includes a bike storage area on the parking level that accommodates up to eight Class 1 bicycle parking spaces. The proposal also includes four Class 2 publicly accessible bicycle parking racks on the sidewalk.

- J. **Shower Facilities and Lockers.** Planning Code Section 155.4 requires that hotel uses that have an occupied floor area between 25,000 and 50,000 square feet must provide one shower and six clothes lockers.

The proposed hotel will have approximately 37,076 square feet of occupied floor area. Therefore, the project is providing one shower and six clothes lockers.

- K. **Transportation Demand Management Program.** Planning Code Section 169 and the TDM Program Standards require that the project finalize a TDM Plan prior to Planning Department approval of the first Building Permit or Site Permit. As currently proposed, the project must achieve a target of 15 points; however, because the Project submitted a completed Environmental Evaluation Application prior to September 4, 2016, the Project need only achieve 50 percent of that target, or 8 points.

As currently proposed, the Project will provide 8 points, through the following measures: 1. Bicycle Parking (1 point); 2. Showers and Lockers (1 point); 3. Bicycle Repair Station (1 point); 4. Car-Share Parking and Membership (2 points); 5. Multi-modal wayfinding Signage (1 point); 6. Real Time Transportation Information Displays (1 point); 7. Tailored Transportation Information Displays (1 point).

- L. **Transportation Sustainability Fee (TSF).** The TSF applies to new construction of a Non-Residential use in excess of 800 gross square feet.

The project proposes approximately 46,365 gross square feet of a non-residential use and is subject to the TSF, as applicable, pursuant to Planning Code Section 411A. The Project Sponsor will comply with this requirement

- M. **First Source Hiring.** The Project is subject to the requirements of the First Source Hiring Program as they apply to permits for residential development (Section 83.4(m) of the Administrative Code), and the Project Sponsor shall comply with the requirements of this Program as to all construction work and on-going employment required for the Project. Prior to the issuance of any building permit to construct or a First Addendum to the Site Permit, the Project Sponsor shall have a First Source Hiring Construction and Employment Program approved by the First Source Hiring Administrator, and evidenced in writing. In the event that both the Director of Planning and the First Source Hiring Administrator agree, the approval of the Employment Program may be delayed as needed.

The Project Sponsor submitted a First Source Hiring Affidavit and prior to issuance of a building permit will execute a First Source Hiring Memorandum of Understanding and a First Source Hiring Agreement with the City's First Source Hiring Administration.

- N. **Signage.** Currently, there is not a proposed sign program on file with the Planning Department. Any proposed signage will be subject to the review and approval of the Planning Department.

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.

Although the proposed project is entirely non-residential, it is consistent with the character of the NC District in which it is located and serves as an effective transition from the lower density RH-3 District to the west, to the more intensive RC-3 District along Union Street towards Van Ness Avenue. The project is necessary and desirable because it re-establishes and modernizes a hospitality use that has been active for over 60 years while improving the public realm and fitting within the scale of the transitioning block.

- 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:

- i. Nature of proposed site, including its size and shape, and the proposed size, shape and arrangement of structures;

The project proposes a building form that is compatible with the scale and width of developments on Union Street. The massing, both generally and at the street front, is broken up into segments that facilitate a transition from standard 25-foot wide residential lots to +50 foot frontages on Van Ness Avenue. Further, the four-story massing is appropriate given the neighborhood context and the site plan is sensitive to the adjacent neighbors, providing a notch at the southwest corner of the property to respect the adjacent smaller scale residential properties.

- 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 proposes 29 off-street parking spaces that are appropriately accessed by a single 20-foot wide vehicular driveway and 20-foot wide curb cut along Union Street. Additionally, the parking is below grade and will minimize interference with pedestrian, cyclist, and transit activities because the project also results in the elimination of a 65 foot 9 inch existing curb cut.

- iii. The safeguards afforded to prevent noxious or offensive emissions such as noise, glare, dust and odor;

The proposed use is subject to the standard conditions of approval for commercial uses as outlined in Exhibit A. These conditions include appointing a Community Liason, maintaining the sidewalk, and controlling light emissions from the hotel activities.

- iv. Treatment given, as appropriate, to such aspects as landscaping, screening, open spaces, parking and loading areas, service areas, lighting and signs;

The project will improve the streetscape by reducing and relocating the existing curb cut, minimizing the on-site vehicular access, and providing a well-lit active ground floor. Patrons of

the hotel can access open space on a roof deck at the northeast corner of the property, away from the residential neighbors to the west and south of the property. Additionally, the other roof top areas, more visible to uphill residential neighbors are treated with a green roof.

- 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 proposed project is consistent with the stated purposes of Union Street Neighborhood Commercial District in that the intended use supports a local shopping area that serves immediate neighbors and clientele from a wide trade area. Additionally, the project removes an auto-oriented use that is no longer permitted in the District.

8. **Development of a Hotel.** Planning Code Section 303(g) sets forth additional criteria which the Commission shall consider in addition to those of Sections 303(c) and (d) when reviewing an application for the development of a hotel.

- a. The impact of the employees of the hotel or motel on the demand in the City for housing, public transit, child-care, and other social services. To the extent relevant, the Commission shall also consider the seasonal and part-time nature of employment in the hotel or motel;

Given that the proposed hotel is replacing a hospitality use, the potential increase in employment from the project would be minimal compared to the total employment expected in San Francisco and the greater San Francisco Bay Area. The minor increase in employment would not generate a substantial demand for additional housing in the context of citywide employment growth nor would it be beyond employment and housing projections considered as part of citywide planning efforts.

The project sponsor will also comply with the First-Source Hiring Program, ensuring certain positions are offered to local residents, which is anticipated to minimize potential negative impacts on the demand for new housing, public transit, childcare, and other social services. The subject property is well-served by numerous public transit options, and is accessible by bicycle and by foot. The project is also within one block of the Van Ness Transit Corridor which provides access to BART and MUNI stations.

- b. The measures that will be taken by the project sponsor to employ residents of San Francisco in order to minimize increased demand for regional transportation; and,

The project sponsor has indicated his intent to hire local residents for the construction and operation of the proposed hotel. Additionally, while the sponsor has not executed a Memorandum

of Understanding (MOU) with the City and County of San Francisco, an affidavit for First Source Hiring Program – Section 83 was filed on May 30, 2017.

- c. The market demand for a hotel or motel of the type proposed.

CBRE Hotels prepared a market demand study for the proposed hotel on January 12, 2017. The study states that the San Francisco Bay Area is one of the strongest lodging markets in the United States, with occupancy rates at 84.3 percent in 2015, 20 percentage points above national averages for each of the past seven years. The study concludes that the performance of the hotels comprising the Project's direct competitive market is amongst the strongest in the nation, surpassing both national and regional trends. The CBRE study indicates that the Project could achieve an initial occupancy of 80 percent in 2019, with an increase to 85 percent in 2020. CBRE's projected stabilized occupancy for the Project is in line with the stabilized estimate for the competitive market, "as the proposed Hotel will represent a relatively small, brand new, high-quality hotel with a great location, proximate to all of San Francisco's famed attractions."

- 9. **Development of Large Lots.** Planning Code Sections 121.1 requires a Conditional Use Authorization for new developments on lots larger than 5,000 square feet in the Union Street Neighborhood Commercial Zoning District. Planning Code Section 121.1 sets forth additional criteria which the Commission shall consider in addition to those of Section 303 when reviewing an application for development of a large lot.

- a. The mass and façade of the proposed structure are compatible with the existing scale of the district.

The proposed project's massing and façade treatments are in keeping with the existing and intended scale and character of the neighborhood. The building is limited to 40 feet in height and is modulated at the front and rear to respect the existing development pattern. Additionally, rooftop penthouses are located within the buildable area and are minimal in size.

- b. The façade of the proposed structure is compatible with design features of adjacent facades that contribute to the positive visual quality of the district.

The project's architectural treatments, façade design and building materials are compatible with the immediate neighborhood. As previously noted, the massing is modulated at the front to reflect the typical 25-foot widths of buildings west of the project site. Additionally, the proposal uses parapets, cornices and bay windows to carry the rhythm of this modulation uphill, towards Van Ness Avenue. Finally, the materiality of the front façade includes an Equitone panel system, pre-finished wood siding, a stone base and aluminum windows.

- 10. **Development of Large Uses.** Planning Code Sections 121.2 requires a Conditional Use Authorization for new developments that establish a new non-residential use greater than 2,500 square feet the Union Street Neighborhood Commercial Zoning District. Planning Code Section 121.2 sets forth additional criteria which the Commission shall consider in addition to those of Section 303 when reviewing an application for development of a large use.

- a. The intensity of activity in the district is not such that allowing the larger use will be likely to foreclose the location of other needed neighborhood-serving uses in the area.

The hotel use is replacing an existing motel use that has operated for over 60 years at a size larger than what is principally permitted by the Planning Code and with no accessory retail uses. Therefore, the project will not foreclose the location of other needed neighborhood-serving uses in the area.

- b. The proposed use will serve the neighborhood, in whole or in significant part, and the nature of the use requires a larger size in order to function.

The larger size of the hotel use is reflective both of the existing property size and the scale of the existing motel use which is approximately 28,000 gross square feet. Although large, the proposal brings the site into greater conformity with both the General Plan and Planning Code, as the existing motel use is no longer a permitted use within the Union Street NCD, and the existing building projects deeper into the required rear yard than the current proposed new development. Overall the project enables the retention of a use that serves the neighborhood and facilitates improvements to the public realm by minimizing interference between pedestrians and vehicles and providing active uses on the ground floor – the reception, lobby and lounge areas.

- c. The building in which the use is to be located is designed in discrete elements which respect the scale of development in the district.

As noted above, the project massing and architectural treatments respect the smaller scale buildings within the immediate neighborhood while facilitating a transition to a larger massing and more contemporary architectural character found on Van Ness Avenue.

11. Reduction or Modification of Off-Street Parking. Planning Code Section 307(i) requires the Planning Commission to consider and apply the following criteria when considering a reduction or modification of off-street parking requirements:

- a. The reduction in the parking requirement is justified by the reasonably anticipated automobile usage by residents of and visitors to the project.

The existing motel has been in operation for over 60 years and has provided less than the required amount of off-street parking during that time. The proposed development also includes less than the required amount of off-street parking, but in a manner that is consistent with the Transit First policies of the City. The project includes both Class 1 and Class 2 bicycle parking spaces, two car share spaces and a Transportation Demand Management plan. The project will also contribute to the Transportation Sustainability Fund and will seek approval from the San Francisco Municipal Transportation Agency to establish a white loading zone in front of the hotel. Coupled with the project's close proximity to the Van Ness Transit Corridor (less than a block) and the City's northern waterfront (less than half a mile), the reduction in the parking requirement is justified by the anticipated automobile usage by residents and visitors.

- b. The reduction in the parking requirement will not be detrimental to the health, safety, convenience, or general welfare of persons residing in or working in the vicinity.

Since submittal of the application for the project, Van Ness Avenue has begun construction on public transit improvements that will improve the health, safety, convenience and general welfare of residents and workers within the vicinity of the project site. Requiring the project to provide 80 off-street parking spaces would detract from these public benefits. Further, in the initial proposal, the project included two levels of below grade off-street parking. In response to neighbor concerns relative to the depth of excavation, the Project Sponsor eliminated a level of off-street parking.

- c. The minimization of conflict of vehicular and pedestrian movements.

The proposal reflects an improvement to the existing pedestrian conditions and minimizes conflicts with vehicles.

- d. The availability of transportation modes other than the automobile.

The subject property is within one-half mile of stops for Muni bus routes 19-Polk, 27-Bryant, 30-Stockton, 41-Union, 45-Union/Stockton, 47-Van Ness, and 49-Van Ness/Mission. Regional accessibility is also accessible by the Golden Gate Transit routes 70-Novato and 101-Santa Rosa. In addition, the project site is also accessible to the City's pedestrian and bicycle networks.

- e. The pattern of land use and character of development in the vicinity.

The neighborhood features a mix of residential and commercial uses, many of which include no off-street parking. With the exception of the former gas station at the intersection of Union Street and Van Ness Avenue, the existing development on the subject property is out of character with the neighborhood's vehicular-related pattern of land use, in fact, motels are no longer permitted in the Union Street NCD. Therefore, the proposal brings the site into greater compatibility with the neighborhood context – emphasizing a transit-first approach to development and diminishing the site's auto-oriented character.

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

COMMERCE AND INDUSTRY

Objectives and Policies

OBJECTIVE 3:

PROVIDE EXPANDED EMPLOYMENT OPPORTUNITIES FOR CITY RESIDENTS, PARTICULARLY THE UNEMPLOYED AND ECONOMICALLY DISADVANTAGED.

Policy 1.3:

Promote the attraction, retention, and expansion of commercial and industrial firms which provide employment improvement opportunities for unskilled and semi-skilled workers.

Policy 1.3 notes that the tourist and service related sectors of the local economy, such as hotels and restaurants, typically hire significant numbers of unskilled and non-technically trained persons. The project would meet this policy by adding a new 100-room hotel with ground floor retail space, creating new jobs, many of which will be available to unskilled and semi-skilled workers.

OBJECTIVE 8:

ENHANCE SAN FRANCISCO'S POSITION AS A NATIONAL CENTER FOR CONVENTIONS AND VISITOR TRADE.

Policy 8.1:

Guide the location of additional tourist related activities to minimize their adverse impacts on existing residential, commercial, and industrial activities.

Policy 1.8 notes that various activities comprising the visitor trade industry should be encouraged to locate in geographical proximity to each other. This is in part to allow visitors to move easily from hotels and restaurants to tourist destinations and convention facilities. Similarly, it lessens the need for automobile or transit trips, and relieves any additional strain on the public transit system. The project is located on Union Street, within a block of the Van Ness Avenue transit corridor which, upon completion of the Van Ness Bus Rapid Transit route, will improve already existing access to both BART and MUNI stations. The site is also within close proximity to some of San Francisco's most popular tourist destinations – the Presidio and Golden Gate Bridge, Fort Mason, Ghirardelli Square, Aquatic Park and Fisherman's Wharf.

NEIGHBORHOOD COMMERCE

Objectives and Policies

OBJECTIVE 1:

MANAGE ECONOMIC GROWTH AND CHANGE TO ENSURE ENHANCEMENT OF THE TOTAL CITY LIVING AND WORKING ENVIRONMENT.

Policy 1.1:

Encourage development which provides substantial net benefits and minimizes undesirable consequences. Discourage development that has substantial undesirable consequences that cannot be mitigated.

Policy 1.2:

Assure that all commercial and industrial uses meet minimum, reasonable performance standards.

Policy 1.3:

Locate commercial and industrial activities according to a generalized commercial and industrial land use plan.

The proposed development will provide desirable goods and services to the neighborhood and will provide resident employment opportunities to those in the community. Additionally, the project site is located within a Neighborhood Commercial District and is thus consistent with activities in the commercial land use plan.

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.

The Project will retain an existing tourist commercial activity but re-develop it in a manner more consistent with the objectives of the General Plan and Planning Code. The existing structure, developed in the 1950s reflects a period of auto-oriented development in the City's history and is non-complying with regard to the Planning Code's rear yard requirements. The new proposal is in greater conformity with the Planning Code and reflects the Transit First spirit of current City objectives.

OBJECTIVE 6:

MAINTAIN AND STRENGTHEN VIABLE NEIGHBORHOOD COMMERCIAL AREAS EASILY ACCESSIBLE TO CITY RESIDENTS.

Policy 6.1:

Ensure and encourage the retention and provision of neighborhood-serving goods and services in the city's neighborhood commercial districts, while recognizing and encouraging diversity among the districts.

No commercial tenant would be displaced and the project would not prevent the district from achieving optimal diversity in the types of goods and services available in the neighborhood.

The following guidelines, in addition to others in this objective for neighborhood commercial districts, should be employed in the development of overall district zoning controls as well as in the review of individual permit applications, which require case-by-case review and City Planning Commission approval. Pertinent guidelines may be applied as conditions of approval of individual permit applications. In general, uses should be encouraged which meet the guidelines; conversely, uses should be discouraged which do not.

Guidelines for Specific Uses: Hotels

Guideline 1:

Hotels should be discouraged if they displace existing retail sales and services which are necessary and desirable for the surrounding neighborhoods.

The project will not displace a necessary, neighborhood-serving retailer. The existing two-story commercial building is a motel. The proposal is to demolish the 40-room motel and construct a new 100-room hotel, thereby retaining a tourist-oriented use and providing more visitors to patronize the surrounding neighborhood businesses.

Guideline 2:

In Districts with an overconcentration of hotels and similar accommodations, it is preferable that new hotels be located at least 300 feet from any existing hotel, motel, or bed and breakfast establishment, unless there are factors such as traffic circulation, parking, or land use distribution which make clustering appropriate.

There is no other hotel, motel or bed and breakfast establishment within 300 feet of the subject property. The nearest hotel is da Vinci Villa, located on the southeast corner of the intersection of Filbert Street and Van Ness Avenue.

Guideline 3:

New hotels should contribute to an active retail frontage by providing stores, coffee shops, or convenience retail on the ground story of the major street frontage.

The proposal includes an accessory eating and drinking retail use, in conjunction with the hotel lobby, on the ground floor.

Guideline 4:

Hotel development should be compatible in scale and design with the overall district character and especially with buildings on the same block.

The subject property is situated between a lower density RH-3 Zoning District where commercial uses are generally not permitted, and a higher density RC-3 District where large commercial uses are encouraged. The scale and design is compatible with the residential character of the block, while facilitating a transition to a more intense scale characteristic of Van Ness Avenue.

Guideline 5:

Access to required hotel parking should be designed to minimize interruption of the active retail frontage and disturbance to adjacent residences.

The proposed parking is below grade and less than the amount required by the Planning Code in an effort to minimize the disturbance to adjacent residences and to activate the ground floor commercial use. As designed, the proposal complies with the street frontage requirements of Planning Code Section 145.1 which include active uses and restricts the on-site vehicular access to 20 feet wide.

URBAN DESIGN ELEMENT

Objectives and Policies

OBJECTIVE 1:

EMPHASIS OF THE CHARACTERISTIC PATTERN WHICH GIVES TO THE CITY AND ITS NEIGHBORHOODS AN IMAGE, A SENSE OF PURPOSE, AND A MEANS OF ORIENTATION.

Policy 1.7:

Recognize the natural boundaries of districts, and promote connections between districts.

OBJECTIVE 3:

MODERATION OF MAJOR NEW DEVELOPMENT TO COMPLEMENT THE CITY PATTERN, THE RESOURCES TO BE CONSERVED, AND THE NEIGHBORHOOD ENVIRONMENT.

Policy 3.1:

Promote harmony in the visual relationships and transitions between new and older buildings.

Policy 3.3:

Promote efforts to achieve high quality design for buildings to be constructed at prominent locations.

As previously noted, the project is consistent with the surrounding pattern and scale of development in the immediate vicinity of the site. The four-story building is compatible with the height of other buildings on the block, and the front façade is modulated to respect the existing neighborhood character beyond that found on Van Ness Avenue. Finally, while the architectural details reflect a contemporary design, the simplicity and materiality of the facade respects the older character of the neighborhood.

TRANSPORTATION

Objectives and Policies

OBJECTIVE 28:

PROVIDE SECURE AND CONVENIENT PARKING FACILITIES FOR BICYCLES

Policy 28.1:

Provide secure bicycle parking in new governmental, commercial, and residential developments.

OBJECTIVE 30:

PROVIDE SECURE AND CONVENIENT PARKING FACILITIES FOR BICYCLES

Policy 30.8:

Consider lowering the number of automobile parking spaces required in buildings where Class 1 bicycle parking is provided.

The project provides eight secure Class 1 bicycle parking spaces within the building, as well as four Class 2 bicycle spaces on the Union Street frontage.

13. **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 project will not affect existing neighborhood-serving uses. The existing two-story commercial building is a 40-room motel. The proposal constructs a 100-room hotel, thereby retaining a hospitality related use, but adding more available tourist rooms to the market to accommodate more visitors which will participate in the local economy, and creating additional un- and semi-skilled job opportunities.

- 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 will be removed by the Project. The project is designed to respect the existing character and scale of the development in the neighborhood.

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

No housing is removed for this Project.

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

The subject property is well-served by public transit and within one-half mile of stops for Muni bus routes 19-Polk, 27-Bryant, 30-Stockton, 41-Union, 45-Union/Stockton, 47-Van Ness, and 49-Van Ness/Mission. Regional accessibility is also accessible by the Golden Gate Transit routes 70-Novato and 101-Santa Rosa. In addition, the project site is also accessible by walking and biking.

- 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 Project will not displace any service or industry establishment. The project will not affect industrial or service sector uses or related employment opportunities. Ownership of industrial or service sector businesses will not be affected by this project.

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

The Project is designed and will be constructed to conform to the structural and seismic safety requirements of the City Building Code. This proposal will not impact the property's ability to withstand an earthquake.

- G. That landmarks and historic buildings be preserved.

A landmark or historic building does not occupy the Project site.

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

The project will not diminish the access to sunlight and vistas for parks and public open spaces.

14. 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.

15. The Commission hereby finds that approval of the Conditional Use 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. 2014.1364CUA** subject to the following conditions attached hereto as "EXHIBIT A" in general conformance with plans on file, dated November 21, 2017, 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 November 30, 2017.

Jonas P. Ionin
Commission Secretary

AYES:

NAYS:

ABSENT:

ADOPTED: November 30, 2017

EXHIBIT A

AUTHORIZATION

This authorization is for a conditional use to demolish an existing tourist motel and to construct a four-story 58,620 square-foot tourist hotel containing 100 guest rooms and 29 below grade off-street parking spaces within the Union Street Neighborhood Commercial Zoning District and 40-X Height and Bulk District; in general conformance with plans, dated **November 21, 2017**, and stamped "EXHIBIT B" included in the docket for Case No. **2014.1364CUA** and subject to conditions of approval reviewed and approved by the Commission on **November 30, 2017**, 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.

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 **November 30, 2017**, under Motion No **XXXXXX**.

PRINTING OF CONDITIONS OF APPROVAL ON PLANS

The conditions of approval under the 'Exhibit A' of this Planning Commission Motion No. **XXXXXX** 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 date that the Planning Code text amendment(s) and/or Zoning Map amendment(s) become effective. 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. **Diligent Pursuit.** Once a site or Building Permit has been issued, construction must commence within the timeframe required by the Department of Building Inspection and be continued diligently to completion. Failure to do so shall be grounds for the Commission to consider revoking the approval if more than three (3) years have passed since the date that the Planning Code text amendment(s) and/or Zoning Map amendment(s) became effective.

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

4. **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

5. **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

6. **Additional Project Authorization.** The Project Sponsor must obtain a variance from the Zoning Administrator to address the Planning Code requirements for the rear yard (Planning Code

Section 134) and satisfy all the conditions thereof. The conditions set forth below 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

DESIGN – COMPLIANCE AT PLAN STAGE

7. **Final Materials.** The Project Sponsor shall continue to work with Planning Department on the building design. Final materials, glazing, color, texture, landscaping, and detailing shall be subject to Department staff review and approval. The architectural addenda shall be reviewed and approved by the Planning Department prior to issuance.

For information about compliance, contact the Case Planner, Planning Department at 415-558-6378, 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

9. **Rooftop Mechanical Equipment.** Pursuant to Planning Code 141, the Project Sponsor shall submit a roof plan to the Planning Department prior to Planning approval of the building permit application. Rooftop mechanical equipment, if any is proposed as part of the Project, is required to be screened so as not to be visible from any point at or below the roof level of the subject building.

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

10. **Lighting Plan.** The Project Sponsor shall submit an exterior lighting plan to the Planning Department prior to Planning Department approval of the building / site permit application.

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

11. **Transformer Vault.** The location of individual project PG&E Transformer Vault installations has significant effects to San Francisco streetscapes when improperly located. However, they may not have any impact if they are installed in preferred locations. Therefore, the Planning Department recommends the following preference schedule in locating new transformer vaults, in order of most to least desirable:

- a. On-site, in a basement area accessed via a garage or other access point without use of separate doors on a ground floor façade facing a public right-of-way;
- b. On-site, in a driveway, underground;

- c. On-site, above ground, screened from view, other than a ground floor façade facing a public right-of-way;
- d. Public right-of-way, underground, under sidewalks with a minimum width of 12 feet, avoiding effects on streetscape elements, such as street trees; and based on Better Streets Plan guidelines;
- e. Public right-of-way, underground; and based on Better Streets Plan guidelines;
- f. Public right-of-way, above ground, screened from view; and based on Better Streets Plan guidelines;
- g. On-site, in a ground floor façade (the least desirable location).

Unless otherwise specified by the Planning Department, Department of Public Work's Bureau of Street Use and Mapping (DPW BSM) should use this preference schedule for all new transformer vault installation requests.

For information about compliance, contact Bureau of Street Use and Mapping, Department of Public Works at 415-554-5810, <http://sfdpw.org>

PARKING AND TRAFFIC

12. **Car Share.** Pursuant to Planning Code Section 166, no fewer than **one (1)** car share space shall be made available, at no cost, to a certified car share organization for the purposes of providing car share services for its service subscribers.

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

13. **Bicycle Parking.** Pursuant to Planning Code Sections 155.1 and 155.4, the Project shall provide no fewer than **three** Class 1 and **three** Class 2 bicycle parking spaces. SFMTA has final authority on the type, placement and number of Class 2 bicycle racks within the public ROW. Prior to issuance of first architectural addenda, the project sponsor shall contact the SFMTA Bike Parking Program at bikeparking@sfmta.com to coordinate the installation of on-street bicycle racks and ensure that the proposed bicycle racks meet the SFMTA's bicycle parking guidelines. Depending on local site conditions and anticipated demand, SFMTA may request the project sponsor pay an in-lieu fee for Class II bike racks required by the Planning Code.

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

14. **Transportation Demand Management (TDM) Program.** Pursuant to Planning Code Section 169, the Project shall finalize a TDM Plan prior to the issuance of the first Building Permit or Site Permit to construct the project and/or commence the approved uses. The Property Owner, and all successors, shall ensure ongoing compliance with the TDM Program for the life of the Project, which may include providing a TDM Coordinator, providing access to City staff for site inspections, submitting appropriate documentation, paying application fees associated with required monitoring and reporting, and other actions.

Prior to the issuance of the first Building Permit or Site Permit, 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 to document compliance with the TDM Program. This Notice shall provide the finalized TDM Plan for the Project, including the relevant

details associated with each TDM measure included in the Plan, as well as associated monitoring, reporting, and compliance requirements. For information about compliance, contact the Case Planner, Planning Department at 415-558- 6378, www.sf-planning.org

15. **Showers and Clothes Lockers.** Pursuant to Planning Code Section 155.3, the Project shall provide no fewer than **one** shower and **six** clothes lockers.

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

16. **Parking Requirement.** Pursuant to Planning Code Section 151, the Project shall provide **twenty-nine (29)** independently accessible off-street parking spaces.

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

17. **Off-street Loading.** Pursuant to Planning Code Section 152, the Project will provide **one** off-street loading spaces.

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

18. **Managing Traffic During Construction.** The Project Sponsor and construction contractor(s) shall coordinate with the Traffic Engineering and Transit Divisions of the San Francisco Municipal Transportation Agency (SFMTA), the Police Department, the Fire Department, the Planning Department, and other construction contractor(s) for any concurrent nearby Projects to manage traffic congestion and pedestrian circulation effects during construction of the Project.

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

PROVISIONS

19. **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, www.onestopSF.org

20. **Transportation Sustainability Fee.** The Project is subject to the Transportation Sustainability Fee (TSF), as applicable, pursuant to Planning Code Section 411A.

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

21. **Jobs Housing Linkage.** The Project is subject to the Jobs Housing Linkage Fee, as applicable, pursuant to Planning Code Section 413.

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

22. **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, www.sf-planning.org

MONITORING

23. **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

24. **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, www.sf-planning.org

OPERATION

25. **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.

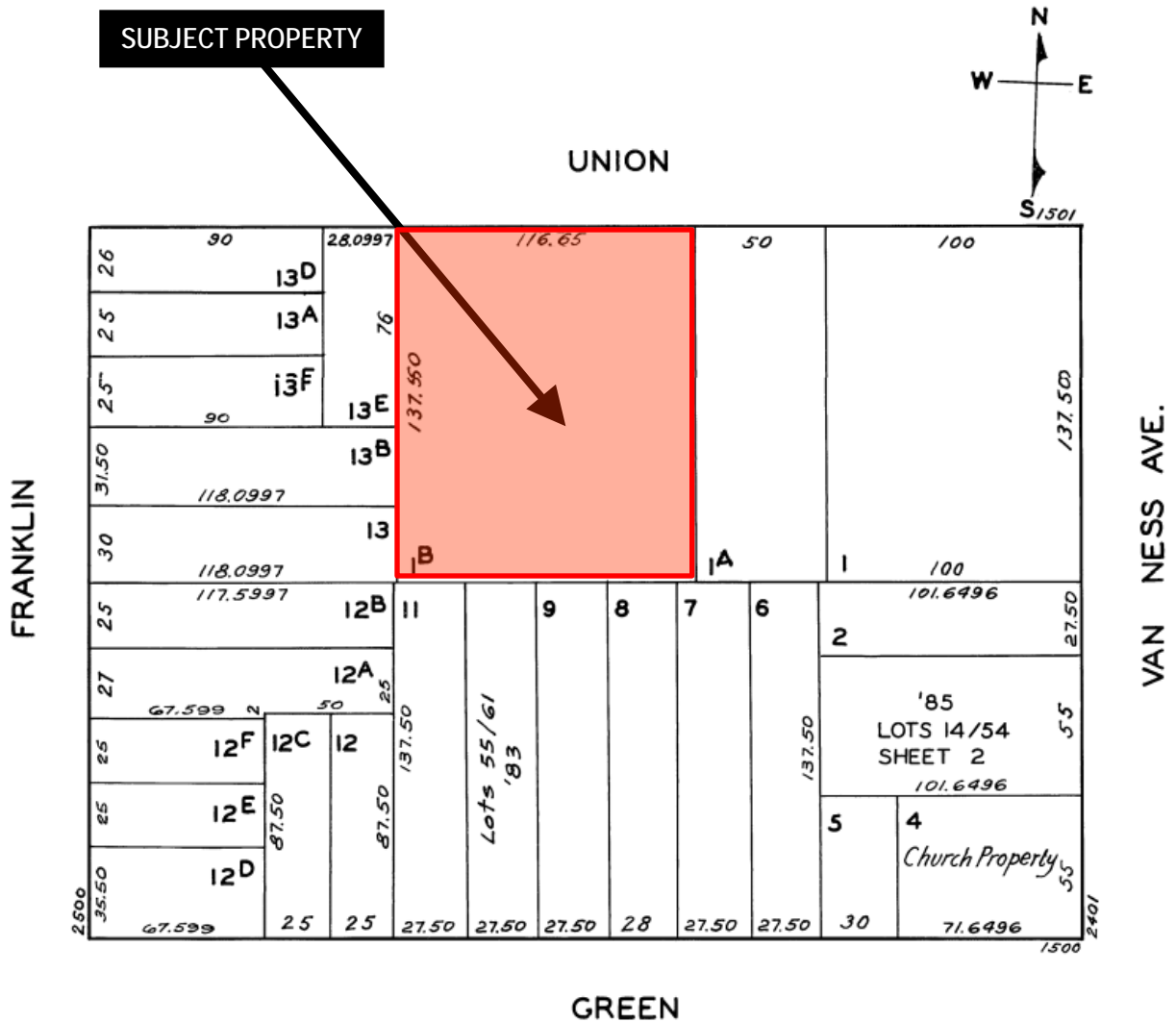
For information about compliance, contact Bureau of Street Use and Mapping, Department of Public Works, 415-695-2017, <http://sfdpw.org>

26. **Community Liaison.** Prior to issuance of a building permit to construct the project and implement the approved use, the Project Sponsor shall appoint a community liaison officer to deal with the issues of concern to owners and occupants of nearby properties. The Project Sponsor shall provide the Zoning Administrator with written notice of the name, business address, and telephone number of the community liaison. Should the contact information change, the Zoning Administrator shall be made aware of such change. The community liaison shall report to the Zoning Administrator what issues, if any, are of concern to the community and what issues have not been resolved by the Project Sponsor.

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

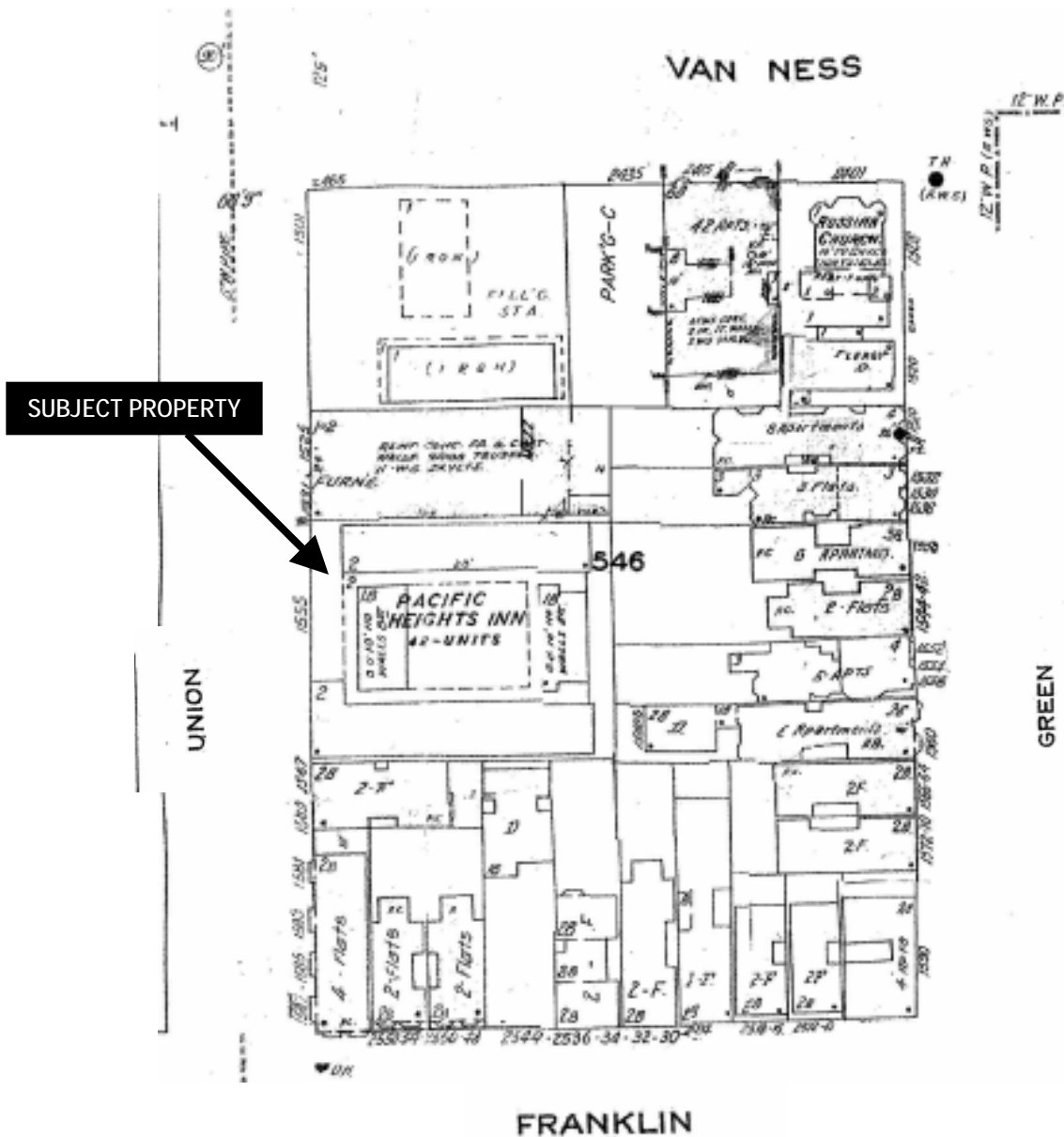
27. **Lighting.** All Project lighting shall be directed onto the Project site and immediately surrounding sidewalk area only, and designed and managed so as not to be a nuisance to adjacent residents. Nighttime lighting shall be the minimum necessary to ensure safety, but shall in no case be directed so as to constitute a nuisance to any surrounding property.

Parcel Map



Conditional Use Authorization
Case Number 2014.1364CUAVAR
1555 Union Street

Sanborn Map*

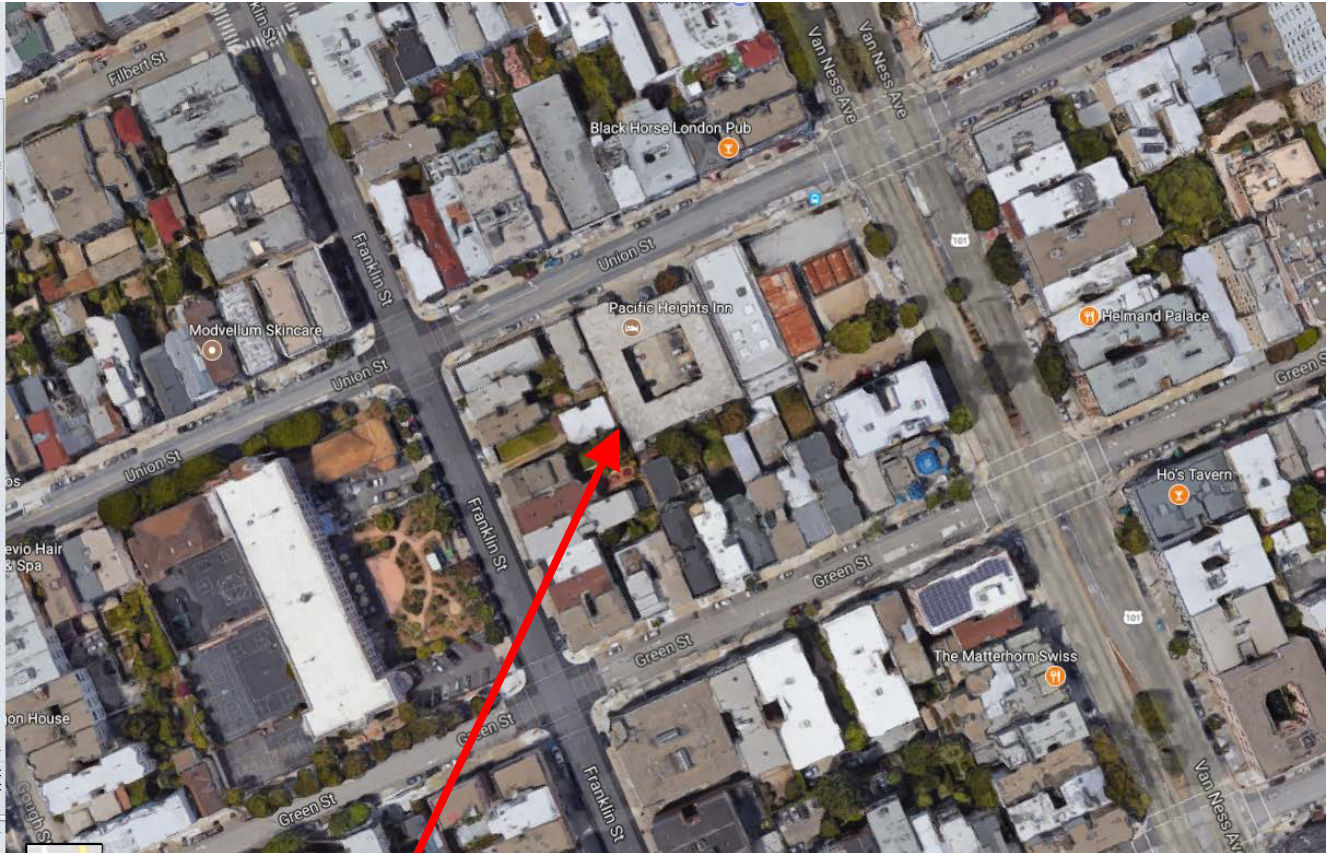


*The Sanborn Maps in San Francisco have not been updated since 1998, and this map may not accurately reflect existing conditions.



Conditional Use Authorization
Case Number 2014.1364CUAVAR
1555 Union Street

Aerial Photo



SUBJECT PROPERTY



Conditional Use Authorization
Case Number 2014.1364CUAVAR
1555 Union Street

Zoning Map



Site Photo



SUBJECT PROPERTY

Conditional Use Authorization
Case Number 2014.1364CUAVAR
1555 Union Street

Site Photo



SUBJECT PROPERTY

Conditional Use Authorization
Case Number 2014.1364CUAVAR
1555 Union Street



SAN FRANCISCO PLANNING DEPARTMENT

Certificate of Determination Exemption from Environmental Review

Case No.: 2014.1364ENV
Project Title: 1555 Union Street
Zoning: Union Street NCD (Union Street Neighborhood Commercial District)
40-X Height and Bulk District
Block/Lot: 0546/001B
Lot Size: 16,038 square feet
Project Sponsor: Michael Stanton, Stanton Architecture – (415) 865-9600
Staff Contact: Sherie George – (415) 575-9039, Sherie.George@sfgov.org

1650 Mission St.
Suite 400
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415.558.6378

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Planning
Information:
415.558.6377

PROJECT DESCRIPTION:

The approximately 16,040 square foot (sf) project site is located at 1555 Union Street, on the block bounded by Union Street to the north, Green Street to the south, Franklin Street to the west, and Van Ness Avenue to the east. The project site is located in the Marina District and within the Union Street NCD (Union Street Neighborhood Commercial District). The project site is currently developed as Pacific Heights Inn, an approximately 28,000 gross square foot (gsf), 20-foot-tall, 40-room motel, which was constructed in 1955. A surface-level parking lot located in the motel courtyard provides approximately 23 parking spaces, and an additional seven perpendicular off-street parking spaces are located on the project site in front of the motel's Union Street frontage. All existing off-street parking spaces are accessed via an approximately 66-foot-wide curb cut on Union Street, and a roughly 26-foot-wide driveway extends from the curb to the interior courtyard parking lot. Two metered on-street parking spaces are located on Union Street on the west end of the building frontage. The proposed project would demolish the existing structure and construct an approximately 58,500 gsf, four-story, 100-room hotel.

[Continued on next page]

EXEMPTION STATUS:

Categorical Exemption, Class 32 (California Environmental Quality Act (CEQA) Guidelines Section 15332). See page 3.

DETERMINATION:

I do hereby certify that the above determination has been made pursuant to State and local requirements.


for Lisa Gibson
Environmental Review Officer

11/21/17
Date

cc: Michael Stanton, Project Sponsor
Brittany Bendix, Current Planner
Tina Tam, Preservation Planner

Supervisor Mark Farrell, District 2 (via Clerk of the Board)
Historic Preservation Distribution List
Virna Byrd, M.D.F.

PROJECT DESCRIPTION (continued):

The proposed project would result in an approximately 40-foot-tall (up to 49 feet with stair and elevator penthouses) hotel comprised of up to 48,250 sf of hotel space (including circulation, mechanical and storage space) and approximately 10,260 sf of vehicle parking in a basement-level garage. The proposed garage would accommodate up to 29 vehicles and four *class 1* bicycle parking spaces, and would be accessed by a new, approximately 20-foot-wide curb cut on Union Street. The proposed garage would also accommodate one off-street freight loading space. The existing on-street parking spaces would be removed in order to accommodate the proposed curb cut, and an approximately 85-foot-long white loading zone is proposed to be installed on Union Street on the east end of the project site.¹ The proposed passenger loading zone would provide space for up to three vehicles. Approximately four *class 2* bicycle parking racks (eight bicycle parking spaces) would be installed on Union Street.

The proposed project would include excavation of approximately 6,745 cubic yards of soil to a maximum depth of approximately 15 feet below grade. The proposed building foundation would be a reinforced concrete mat slab. No pile driving work would be required. The sidewalk adjacent to the Union Street frontage does not contain any street trees; however, there is one tree and landscape shrubs in a planter located in the off-street parking area at the Union Street frontage. The proposed project would remove the existing tree and plant six new street trees on Union Street. The total duration of project construction is estimated to be 18 months.

Project Setting: The project vicinity is characterized by a mix of residential, commercial, and industrial uses. The project site and the lots between the subject property and Van Ness Avenue are zoned Union Street NCD. The Union Street NCD extends from Van Ness Avenue to just west of Fillmore Street. The remainder of the subject block is zoned RH-3 (Residential-House, Three Family) and RM-2 (Residential-Mixed, Medium Density), and the lots east of the project site along Van Ness Avenue are zoned RC-3 (Residential-Commercial, Moderate Density). The medium density scale of development in the project vicinity is primarily composed of multi-family apartment buildings, mixed-use residential development with ground floor retail, and stand-alone retail stores. Other uses in the project vicinity include an auto body shop (on Union Street across from the project site), Sherman Elementary School (on Franklin Street between Union and Green streets), and Holy Trinity Cathedral (on the southwest corner of Van Ness Avenue and Green Street). Buildings in the immediate project vicinity range from three- to five-stories and are approximately 30 to 50 feet tall. Union Street is a two-way, east-west bound street with one lane operating in each direction. Metered on-street parking spaces are provided on both sides of the street. A San Francisco Municipal Railway (Muni) bus stop is located on the north side of Union Street just west of Van Ness Avenue. The stop services Muni routes 41-Union and 45-Union/Stockton. Other planned development projects in the site vicinity include 2465 Van Ness Avenue, which proposes to demolish the existing gas station structures and surface parking lot to construct a new, seven-story, 65-foot-tall, mixed-

¹ All proposed changes to curb cut, on-street parking, and color curb zones require approval from the San Francisco Municipal Transportation Agency.

use building containing 41 dwelling units, approximately 4,650 sf of commercial space, and 31 parking spaces in an underground garage. Another proposed project at 2525 Van Ness Avenue would demolish the existing two-story commercial/office building and construct a seven-story-over-basement, 65-foot-tall mixed-use building containing 28 dwelling units, approximately 2,000 sf of ground-floor commercial space, and 14 parking spaces using parking stackers.²

Project Approvals

The proposed project is subject to notification under section 303 of the City and County of San Francisco (the City) Planning Code and would require the following approvals from the San Francisco Planning Commission (Planning Commission):

- **Conditional Use Authorization:** The proposed project would require a Conditional Use Authorization (CUA) from the San Francisco Planning Commission (Planning Commission). The proposed project requires a CUA for (1) development of a lot greater than 5,000 sf in the Union Street NCD pursuant to Planning Code section 121.1; (2) development of a tourist hotel pursuant to Planning Code section 725.55; and (3) establishment of greater than 2,500 sf of non-residential uses in the Union Street NCD pursuant to Planning Code section 725.21.
- **Parking Reduction Authorization:** The proposed project would require authorization from the Zoning Administrator for a reduction in off-street accessory parking requirements pursuant to Planning Code sections 151 and 161(g).
- **Variance:** The proposed project would require authorization from the Zoning Administrator for a variance from the rear yard requirements pursuant to Planning Code section 134.

Actions by other City Departments

- **Department of Building Inspection (DBI).** Approval of demolition, grading, building and occupancy permits for demolition of the existing structure and new construction.
- **Department of Public Health (DPH).** Approval of a Site Mitigation Plan pursuant to the requirements of Health Code article 22A, the Maher Ordinance, prior to the commencement of any excavation work, and approval of a Soil Mitigation Plan and Dust Control Plan prior to construction-period activities.
- **San Francisco Municipal Transportation Agency (SFMTA).** Approval of all proposed changes in curb cuts, removal of existing on-street vehicle parking spaces, and passenger loading zones pursuant to the SFMTA Color Curb Program. Coordination with the SFMTA Interdepartmental Staff Committee on Traffic and Transportation to coordinate temporary construction-related changes to the transportation network.
- **San Francisco Public Works Department (Public Works), Bureau of Streets and Mapping.** Approval of modifications to public sidewalks, street trees, and curb cuts.

² 2465 Van Ness Avenue Project (Case No. 2015-014058ENV); 2525 Van Ness Avenue (Case No. 2016-002728ENV).

- **San Francisco Public Utilities Commission (SFPUC).** Approval of a stormwater control plan and Erosion and Sediment Control Plan prior to commencing construction.

Approval Action: The approval of the Conditional Use Authorization by the Planning Commission is the Approval Action for the project. The Approval Action date establishes the start of the 30-day appeal period for this CEQA exemption determination pursuant to section 31.04(h) of the San Francisco Administrative Code.

EXEMPTION STATUS (continued):

CEQA Guidelines section 15332, or Class 32, provides an exemption from environmental review for in-fill development projects that meet the following conditions. As discussed below, the proposed project satisfies the terms of the Class 32 exemption.

- a) *The project is consistent with applicable general plan designations and policies as well as with applicable zoning designations.*

The San Francisco General Plan articulates the objectives and policies that guide the City's decision making as it pertains to, among other issues, environmental protection, air quality, urban design, transportation, housing, and land use. Permits to construct, alter or demolish buildings may not be issued unless the project conforms to the Planning Code, or an exemption is granted pursuant to provisions of the Planning Code. The project site is located in the Union Street NCD and a 40-X height and bulk district. The use (commercial) and height (up to approximately 49 feet tall with the stair and elevator penthouses) of the proposed building conforms to the use and height restrictions in these districts.

The proposed project requires a CUA from the Planning Commission for the following:

- (1) The proposed hotel would be developed on an approximately 16,040 sf lot. Pursuant to Planning Code section 121.1, the maximum lot size in the Union Street NCD is 5,000 sf unless conditionally permitted;
- (2) Pursuant to Planning Code section 725.55, tourist hotels are conditional uses in the Union Street NCD; and
- (3) The proposed project would provide approximately 74,760 sf of non-residential uses. Planning Code section 725.21 restricts the floor area for non-residential uses to 2,500 sf, unless conditionally permitted.

Planning Code section 151 stipulates that hotels in a NCD, such as the proposed project, must provide a minimum of 0.8 off-street parking spaces per guest bedroom. As the project proposes 100 hotel rooms, it would be required to provide a minimum of 80 off-street parking spaces. However, section 161(g) of the Planning Code allows the Zoning Administrator to reduce the off-street parking requirements in a NCD pursuant to Planning Code sections 307(h)(2) and 307(i). Therefore, the proposed project requires authorization from the Zoning Administrator for a reduction in off-street accessory parking requirements.

The proposed project's lot size, uses, and off-street parking spaces are provisionally permitted within the Union Street NCD per the planning code. In light of the above, the proposed project would be consistent with General Plan designations and policies and applicable zoning designations.

- b) *The development occurs within city limits on a site of less than five acres surrounded by urban uses.*

The project site is an approximately 0.37-acre (16,040 sf) lot located within a developed area of San Francisco. The lots directly adjacent to the project site are fully developed with commercial and residential uses. Multi-story apartment buildings, commercial buildings, retail stores, restaurants, and an auto body shop are located within the vicinity of the project site. Therefore, the proposed project would be appropriately characterized as in-fill development of fewer than five acres surrounded by urban uses.

- c) *The project site has no habitat for endangered, rare or threatened species.*

The project site is located within a fully developed urban area featuring residential and commercial development, and is currently developed with a two-story motel with surface parking in the courtyard and in front of the building. A planter with one tree and landscape shrubs are located within the seven-vehicle surface parking area on the project site and would be removed as part of the proposed project.

The removal of trees is overseen by San Francisco Public Works (Public Works) Bureau of Street Use and Mapping in accordance with the Urban Forestry Ordinance (San Francisco Public Works Code article 16). In compliance with this ordinance, the project sponsor submitted a Tree Planting and Protection Checklist application for the project site.³ Per the application, the tree located in the parking area is a Significant Tree.⁴ The Urban Forestry Ordinance outlines provisions for the protection and/or removal of trees in San Francisco. All trees, including Significant Trees, may not be removed without issuance of a permit from Public Works. As the tree and shrubs are located in a parking lot that is surrounded by a building façade to the south and Union Street to the north, they are not anticipated to provide a habitat for endangered, rare, or threatened species.

Based on the foregoing, the project site has no value as a habitat for endangered, rare, or threatened species.

- d) *Approval of the project would not result in any significant effects relating to traffic, noise, air quality, or water quality.*

³ Stanton Architecture, Authorized Agent, *Required Checklist for Tree Planting and Protection*, 1555 Union Street, November 14, 2014.

⁴ Significant Trees are trees within 10 feet of the property edge of the sidewalk that are: (1) above 20 feet in height; (2) have a canopy greater than 15 feet in diameter; or (3) have a trunk greater than 12 inches in diameter at breast height. City and County of San Francisco, *Public Works Director's Bulletin No. 2006-01: Tree Disclosure and Protection Requirements*. Available at http://sfdbi.org/ftp/uploadedfiles/dbi/Key_Information/TreeProtectionLegislation.pdf, accessed on October 25, 2016.

Transportation

On March 3, 2016, in anticipation of the future certification of revised CEQA Guidelines pursuant to Senate Bill 743, the Planning Commission adopted State Office of Planning and Research's recommendation in the Revised Proposal on Updates to the CEQA Guidelines on Evaluating Transportation Impacts in CEQA⁵ to use the Vehicle Miles Traveled (VMT) metric instead of automobile delay to evaluate the transportation impacts of projects (Resolution 19579). (Note: the VMT metric does not apply to the analysis of impacts on non-automobile modes of travel such as riding transit, walking, and bicycling.) Accordingly, this categorical exemption does not contain a separate discussion of automobile delay (i.e., traffic) impacts. The topic of automobile delay, nonetheless, may be considered by decision-makers, independent of the environmental review process, as part of their decision to approve, modify, or disapprove the proposed project. Instead, a VMT and induced automobile travel impact analysis is provided within.

Many factors affect travel behavior. These factors include density, diversity of land uses, design of the transportation network, access to regional destinations, distance to high-quality transit, development scale, demographics, and transportation demand management. Typically, low-density development at great distance from other land uses, located in areas with poor access to non-private vehicular modes of travel, generate more automobile travel compared to development located in urban areas, where a higher density, mix of land uses, and travel options other than private vehicles are available.

Given these travel behavior factors, San Francisco has a lower VMT ratio than the nine-county San Francisco Bay Area region. In addition, some areas of the City, expressed geographically through transportation analysis zones (TAZs), have lower VMT ratios than other areas of the City. The department has prepared a Geographic Information System database (the Transportation Information Map) with current and projected 2040 per capita VMT figures for all TAZs in the City, in addition to regional daily average VMT.⁶

The State Office of Planning and Research's (OPR) Revised Proposal on Updates to the CEQA Guidelines on Evaluating Transportation Impacts in CEQA ("proposed transportation impact guidelines") recommend screening criteria to identify types, characteristics, or locations of projects that would not result in significant impacts to VMT. If a project meets one of the three screening criteria provided (Map-Based Screening, Small Projects, or Proximity to Transit Stations), then it is presumed that VMT impacts would be less than significant for the project and a detailed VMT analysis is not required. Map-Based Screening is used to determine if a project site is located within a TAZ in the City that exhibits low levels of VMT; Small Projects are projects that would generate fewer than 100 vehicle trips per day; and the Proximity to Transit Stations criterion includes projects that are within a half mile of an existing major transit stop, have a floor area ratio (FAR) of greater than or equal to 0.75, vehicle parking that is less than or equal to that required or allowed by the planning code without conditional use authorization, and are consistent with the applicable Sustainable Communities Strategy.

⁵ California Office of Planning and Research, *Revised Proposal on Updates to the CEQA Guidelines on Evaluating Transportation Impacts in CEQA*, January 2016. Available at https://www.opr.ca.gov/s_sb743.php, accessed March 8, 2016.

⁶ San Francisco Planning Department Transportation Information Map, accessed November 1, 2016. Available at: <http://sftransportationmap.org>.

The proposed project at 1555 Union Street would include construction of an approximately 58,500 gsf, 100-room hotel. Trips associated with hotel projects typically function similar to residential projects. Therefore, hotel land uses are treated as residential for screening and analysis. For residential projects, a project would generate substantial additional VMT if it exceeds the regional household VMT per capita minus 15 percent.⁷ This approach is consistent with CEQA section 21099 and the thresholds of significance for other land uses recommended in OPR's proposed transportation impact guidelines.

Vehicle Miles Traveled Analysis – Hotel

According to the Transportation Information Map, the existing average daily household VMT per capita is 5.2 for the transportation analysis zone the project site is located in (TAZ 366). The existing regional average daily household VMT is 17.2. Fifteen percent below the regional average daily household VMT is 14.6. As the project site is located in an area where existing VMT is greater than 15 percent below the existing regional average, the proposed project would meet the map-based screening criteria and the project's hotel uses would not result in substantial additional VMT and impacts would be less than significant. Furthermore, the project site meets the Proximity to Transit Stations screening criterion, which also indicates that the proposed project's hotel uses would not cause substantial additional VMT.⁸

San Francisco's 2040 cumulative conditions are projected using the San Francisco Chained Activity Modeling Process (SF-CHAMP), including residential and job growth estimates and reasonably foreseeable transportation investments through 2040. Projected 2040 average daily household VMT per capita is 4.7 for the transportation analysis zone the project site is located in. Projected 2040 regional average daily household VMT is 16.1. Fifteen percent below the projected 2040 regional average daily household VMT is 13.7. Given the project site is located in an area where VMT is greater than 15 percent below the projected 2040 regional average, the proposed project's hotel uses would not result in substantial additional VMT.

Induced Automobile Travel Analysis

A project would have a significant effect on the environment if it would substantially induce additional automobile travel by increasing physical roadway capacity in congested areas (i.e., by adding new mixed-flow lanes) or by adding new roadways to the network. OPR's proposed transportation impact guidelines includes a list of transportation project types that would not likely lead to a substantial or measureable increase in VMT. If a project fits within the general types of projects (including combinations of types), then it is presumed that VMT impacts would be less than significant and a detailed VMT analysis is not required.

⁷ OPR's proposed transportation impact guidelines states a project would cause substantial additional VMT if it exceeds both the existing City household VMT per capita minus 15 percent and existing regional household VMT per capita minus 15 percent. In San Francisco, the City's average VMT per capita is lower (8.4) than the regional average (17.2). Therefore, the City average is irrelevant for the purposes of the analysis.

⁸ San Francisco Planning Department. Eligibility Checklist: CEQA Section 21099 – Modernization of Transportation Analysis for 1555 Union Street, September 1, 2016. This document (and all other documents cited in this report, unless otherwise noted), is available for review at 1650 Mission Street, Suite 400, San Francisco, CA, as part of Case No. 2014.1364ENV.

The proposed project is not a transportation project. However, the proposed project would include features that would alter the existing transportation network. The project sponsor proposes to: (1) remove the existing 66-foot-wide curb cut on the east end of the project site's Union Street frontage; (2) install an approximately 20-foot-wide curb cut on the east end of the project site's Union Street frontage to provide access to the proposed garage; (3) add an approximately 85-foot-long white loading zone on Union Street adjacent to the proposed curb cut; and (4) install up to four *class 2* bicycle parking racks on Union Street. These features fit within the general types of projects that would not substantially induce automobile travel. Thus, the proposed project would not result in a significant impact with respect to induced automobile travel.

Construction Traffic

While there would be a flow of construction-related traffic to and from the project site throughout the construction period, construction-related impacts, generally, would not be considered significant due to their temporary and limited duration. Construction workers who drive to the project site would temporarily increase traffic volume and demand for street parking during the approximate 18 month construction period, but the additional trips would not substantially affect traffic conditions. In addition, construction workers would be able to use nearby transit lines to reach the project site.

The project sponsor and construction contractor(s) would meet with the SFMTA's Department of Parking and Traffic (DPT), the Fire Department, Muni, and other applicable City agencies to determine feasible traffic modifications to reduce traffic congestion and other potential traffic disruption and pedestrian circulation effects during construction of the project through the City's Transportation Advisory Staff Committee (TASC). Therefore, construction-related traffic would not result in a significant impact on transportation.

In light of the above, the proposed project would not result in significant impacts on traffic, individually or under cumulative conditions.

Noise

Construction Noise

Construction would occur during the working hours of 7:00 a.m. to 4:00 p.m. Monday through Saturday. The main sources of construction noise from this project would be from construction equipment and noise generated by the demolition process, including the breakdown of materials on site and earthmoving processes. Noise would also be generated from mobile equipment moving about the site. The daily variations in noise beyond the site would diminish as the building envelope is closed up and the perimeter walls are completed.

Although increase in noise would occur during the construction phase of the project, construction noise would be limited to certain hours of day and would be temporary and intermittent in nature throughout the approximate 18 month construction period. Construction noise is regulated by the San Francisco Noise Ordinance (article 29 of the San Francisco Police Code). Section 2907 of the Police Code requires that noise levels from individual pieces of construction equipment, other than impact tools, not exceed 80 dBA at a distance of 100 feet from the source. Impact tools (such as jackhammers, pile drivers, and impact wrenches) must have both intake and exhaust muffled to the satisfaction of the Director of Public Works. Section

2908 of the Police Code prohibits construction work between 8:00 p.m. and 7:00 a.m. if noise would exceed the ambient noise level by 5 dBA at the project property line, unless a special permit is authorized by the Director of Public Works. DBI is responsible for enforcing the Noise Ordinance for private construction projects during normal business hours (8:00 AM to 5:00 PM). The Police Department is responsible for enforcing the Noise Ordinance during all other hours. Implementation of the proposed project would likely require use of jackhammering on the existing concrete structure to prepare for the new basement. This work would occur periodically during the demolition phase, and is anticipated to not exceed 10 days.⁹ Pavement breakers would not be required for any other construction activities.¹⁰ As previously stated, the increase in noise in the project area during project construction would not be considered a significant impact of the proposed project because the construction noise would be temporary, intermittent, and restricted in occurrence and level. The contractor would be required to comply with the Noise Ordinance, which would reduce construction noise impacts to a less-than-significant level. Therefore, the proposed project would not result in significant construction noise impacts.

Operational Noise

The proposed project includes up to 48,250 sf of hotel space (including circulation, mechanical and storage space) and approximately 10,260 sf of vehicle parking in a basement-level garage, which would generate some additional noise that may be considered an annoyance by occupants of nearby properties. Section 2909 of the San Francisco Noise Ordinance regulates noise from fixed noise sources. Commercial noise is limited to no more than 8 dBA above the local ambient noise level at any point outside of the property line. Furthermore, section 2909(d) requires that fixed noise sources not exceed 45 dBA (during nighttime hours) or 55 dBA (during daytime hours) inside nearby residential uses. The limits set in the Noise Ordinance would ensure the project's mechanical systems do not result in significant noise impacts.

Ambient noise levels in the vicinity of the project site are typical of neighborhoods in San Francisco, which are dominated by vehicular traffic, including Muni vehicles, trucks, cars, emergency vehicles, and land use activities, such as commercial businesses. An approximate doubling in traffic volumes in the area would be necessary to produce an increase in ambient noise levels perceptible to the human ear (3 dBA). The proposed project is estimated to add 52 PM peak hour vehicle trips. Existing PM peak hour vehicle trips along Union Street area approximately 555 vehicles¹¹. Therefore, the proposed project would not double traffic volumes in the site vicinity and traffic-related noise impacts would not be significant.

Based on compliance the Noise Ordinance and the limited duration of construction activities, the proposed project would not result in a significant impact with respect to noise.

Vibration

The operation of heavy construction equipment, particularly impact tools (e.g., jackhammers, pile drivers, and impact wrenches), creates seismic waves that radiate along the surface of the ground and downward. These surface waves can be felt as ground vibration. Ground-borne

⁹ Stanton Architecture, personal communication, July 17, 2017

¹⁰ Stanton Architecture, *Construction Information Form for 1555 Union Street*, October 21, 2016

¹¹ San Francisco Planning Department, 2525 Van Ness Avenue (Case No. 2016-002728ENV) Circulation Memo, July 21, 2017.

vibration can result in effects ranging from annoyance for nearby receptors to damage to structures. As discussed above, implementation of the proposed project would likely require use of jackhammering on the existing cement intermittently during the demolition phase though not to exceed 10 days. While installation of the proposed foundation system would include excavation to a maximum depth of approximately 15 feet below grade, the proposed building would be supported by a reinforced mat foundation, which does not require use of a pile driver. Pavement breakers would not be required for other construction activities. While there would be temporary and intermittent noise with potential for minimal vibration during construction, this would not be a permanent condition. Based on the contractor's mandatory compliance with all applicable state and municipal codes, including the Noise Ordinance, the proposed project would not result in significant impacts on neighboring structures due to ground-borne vibration.

Air Quality

In accordance with the state and federal Clean Air Acts, air pollutant standards are identified for the following six criteria air pollutants: ozone, carbon monoxide (CO), particulate matter (PM), nitrogen dioxide (NO₂), sulfur dioxide (SO₂) and lead. These air pollutants are termed criteria air pollutants because they are regulated by developing specific public health- and welfare-based criteria as the basis for setting permissible levels. To assist lead agencies, the Bay Area Air Quality Management District, in their CEQA Air Quality Guidelines (May 2011), developed screening criteria to determine if projects would violate an air quality standard, contribute substantially to an air quality violation, or result in a cumulatively considerable net increase in criteria air pollutants within the San Francisco Bay Area Air Basin. The screening criteria for a hotel are 554 rooms for construction and 489 rooms for operations. The proposed 100-room hotel would not exceed the criteria air pollutant screening levels for construction and operation of a hotel. In addition, the proposed 6,745 cubic yards of soils excavation would be below the criteria air pollutant screening level for materials transport. Therefore, construction and operation of the proposed hotel would not result in significant criteria air pollutant impacts.¹²

Additionally, the proposed project is also subject to the Construction Dust Control Ordinance (article 22B of the San Francisco Health Code). The intent of the Construction Dust Control Ordinance is to reduce the quantity of fugitive dust generated during site preparation, demolition, and construction work in order to protect the health of the general public and of on-site workers, minimize public nuisance complaints, and to avoid orders to stop work by DBI. Project-related construction activities would result in construction dust, primarily from ground-disturbing activities. DBI will not issue a building permit without written notification from the Director of Public Health that the applicant has a site-specific Dust Control Plan, unless the Director waives the requirement. The regulations and procedures set forth by the San Francisco Construction Dust Control Ordinance would ensure that project-specific fugitive dust impacts during construction would not be significant.

In addition to criteria air pollutants, individual projects may emit toxic air contaminants (TACs). TACs collectively refer to a diverse group of air pollutants that are capable of causing chronic (i.e., of long-duration) and acute (i.e., severe but of short-term) adverse effects to human health,

¹² Bay Area Air Quality Management District, *CEQA Air Quality Guidelines*, Updated May 2011. Table 3-1.
SAN FRANCISCO
PLANNING DEPARTMENT

including carcinogenic effects. In an effort to identify areas of San Francisco most adversely affected by sources of TACs, San Francisco partnered with the Bay Area Air Quality Management District to inventory and assess air pollution and exposures from mobile, stationary, and area sources within San Francisco. Areas with poor air quality, termed the "Air Pollutant Exposure Zone," were identified based on health-protective criteria. Land use projects within the Air Pollutant Exposure Zone require special consideration to determine whether the project's activities would expose sensitive receptors to substantial air pollutant concentrations. The project site is not located within an Air Pollutant Exposure Zone. Nor would the proposed project include the operation of stationary sources of TACs (e.g. diesel generators). Furthermore, the proposed project's estimated net increase of 302 daily vehicle trips¹³ would be a minor, low-impact source that the air district considers not to pose a significant health impact even in combination with other sources.¹⁴ Though the proposed project would require construction activities for an approximately 18 month construction phase, construction emissions would be temporary and variable in nature and would not be expected to expose sensitive receptors to substantial air pollutants. The proposed project would also be subject to, and comply with, California regulations limiting idling to no more than five minutes,¹⁵ which would further reduce nearby sensitive receptors' exposure to temporary and variable TAC emissions. Therefore, the proposed project would not result in a significant impact with respect to exposure of sensitive receptors to substantial levels of air pollution.

In light of the above, the proposed project would not result in significant air quality impacts.

Water Quality

The project site is currently developed with an approximately 28,000 gsf motel and surface parking that covers the entire lot. The proposed project is not anticipated to increase the amount of impervious surface area on the project site as the proposed hotel would occupy roughly the same building footprint as the existing development. Wastewater and stormwater discharge not captured by permeable surfaces would flow to the city's combined sewer system and be treated to the standards of the City's National Pollutant Discharge Elimination System Permit prior to discharge to a receiving water body.

In addition, article 4.2 of the San Francisco Public Works Code requires any project that involves ground disturbance of 5,000 sf or greater to implement enhanced measures for the management of construction site runoff (Construction Site Runoff Ordinance, section 146 of article 4.2) and stormwater management (Stormwater Management Ordinance, section 147 of article 4.2). The proposed project would disturb more than 5,000 sf of ground surface and is therefore subject to the City's Construction Site Runoff Ordinance and Stormwater Management Ordinance.

Projects subject to the Construction Site Runoff Ordinance are required to obtain a Construction Site Runoff Control Permit. In order to receive this permit, the project sponsor must prepare an Erosion and Sediment Control Plan demonstrating how the project will adhere to the best

¹³ San Francisco Planning Department, *Transportation Study Determination Request*, 1555 Union Street, December 8, 2014.

¹⁴ Bay Area Air Quality Management District, *Recommended Methods for Screening and Modeling Local Risks and Hazards*, May 2012. Page 11.

¹⁵ *California Code of Regulations*, Title 13, Division 3, § 2485. This regulation applies to on-road heavy duty vehicles and not off-road equipment.

management practices provided in the San Francisco Public Utilities Commission's (SFPUC) *Construction Best Management Practices Handbook*. Compliance with the Construction Site Runoff Ordinance would prevent construction-related runoff, materials, wastes, spills, or residues from entering the storm drain system or receiving waterbodies. Pursuant to the Stormwater Management Ordinance, the project sponsor is also required to prepare a Stormwater Control Plan demonstrating how the project will adhere to the performance measures outlined in the SFPUC's *Stormwater Design Guidelines* (the Guidelines) including a reduction in total volume and peak flow rate of stormwater for areas in combined sewer systems. The Guidelines also require a signed maintenance agreement to ensure proper care of the necessary stormwater controls. Compliance with the Stormwater Management Ordinance requires the project to maintain or reduce the existing volume and rate of stormwater runoff at the subject property by retaining runoff onsite, promoting stormwater reuse, and limiting site discharge from entering the combined sewer system.

SFPUC's Wastewater Enterprise, Urban Watershed Management Program is responsible for review and approval of the Construction Site Runoff Control Permit and Stormwater Control Plan. Without issuance of a Construction Site Runoff Control Permit and approval of a Stormwater Control Plan, no site or building permits can be issued. Compliance with the Construction Site Runoff Ordinance and Stormwater Management Ordinance would ensure that the proposed project would not substantially alter existing water quality or surface flow conditions. Therefore, the proposed project would not result in significant water quality impacts.

Groundwater Quality

According to the proposed project's geotechnical investigation, groundwater is found approximately 7–8 feet below grade at the project site.¹⁶ The proposed project's excavation and resulting permanent structures would be approximately 15 feet below ground surface and have the potential to encounter groundwater, which could impact water quality. Any groundwater encountered during construction [or operation] of the proposed project would be subject to requirements of the City's Sewer Use Ordinance (Ordinance Number 19-92, amended 116-97), as supplemented by Department of Public Works Order No. 158170, requiring a permit from the Wastewater Enterprise Collection System Division of the San Francisco Public Utilities Commission. A permit may be issued only if an effective pretreatment system is maintained and operated. Each permit for such discharge shall contain specified water quality standards and may require the project sponsor to install and maintain meters to measure the volume of the discharge to the combined sewer system. In addition, the geotechnical investigation¹⁷ states that dewatering wells would likely be needed to draw the groundwater down below the planned depths of excavation to provide for a workable excavation. Any dewatering wells needed for the proposed project would be subject to the requirements of the City's Soil Boring and Well Regulation Ordinance (Ordinance Number 113-05), requiring a project sponsor to obtain a permit from the Department of Public Health prior to constructing a dewatering well. A permit may be issued only if the project sponsor uses construction practices that would prevent the

¹⁶ Rollo and Ridley, *Geotechnical Investigation*, 1555 Union Street, San Francisco, California, March 2, 2015

¹⁷ Rollo and Ridley, *Geotechnical Investigation*, 1555 Union Street, San Francisco, California, March 2, 2015

contamination or pollution of groundwater during the construction or modification of the well or soil boring.

Groundwater Supply

As noted under the Water Quality topic above, the proposed project's excavation has the potential to encounter groundwater, which could impact groundwater supplies. Although dewatering would be required during construction, any effects related to lowering the water table would be temporary and would not be expected to substantially deplete groundwater resources. The proposed project would not require long-term, continuous dewatering following construction. The underground structure would be waterproofed to prevent groundwater seepage and constructed to withstand the hydrostatic pressure of the groundwater. In addition, the project site is located in the Downtown San Francisco Groundwater Basin. This basin is not used as a drinking water supply and no plans for development of this basin exist for groundwater production.¹⁸ Therefore, the proposed project would not result in significant water quality impacts.

- e) *The site can be adequately served by all required utilities and public services.*

The project site is located in a dense urban area where all public services and utilities are currently available, and the proposed building would be able to connect to the City's water, wastewater, and electricity services. While the proposed project would increase demand on public services and utilities on the project site, that demand is not anticipated to exceed the capacity provided for this area. Therefore, the proposed project would be adequately served by all required utilities and public services.

A member of the public expressed a concern in response to the Neighborhood Notification letter regarding the installation of utilities during construction and public services required for the proposed hotel's operations. The proposed project would require connection to the City's utility services, and may include location of utility facilities within the existing sidewalk vault. In order to conduct this work, the project sponsor would be required to apply for service with applicable utility agencies, such as SFPUC and Pacific Gas and Electric, and comply with all applicable guidelines regarding utility placement and installation. In addition, the project sponsor would be required to obtain an encroachment permit from Public Works for any work within the public right-of-way prior to construction activities. This is not an unusual practice, and would not substantially impact neighboring uses.

Implementation of the proposed project would require construction vehicles to use the city's streets to access the project site. A member of the public expressed a concern in response to the Neighborhood Notification letter regarding potential damage to city streets from construction project's vehicle use. The City of San Francisco's *Regulations for Working in San Francisco* (the Blue Book) is the manual for City agencies (e.g., Public Works, Muni, SFWD, DPT), utility crews, private contractors, and others doing work in San Francisco streets. To reduce the number of heavy truck trips, implementation of the proposed project would result in construction

¹⁸ San Francisco Planning Department, *Transit Center District Plan and Transit Tower Draft EIR*, September 2011. This document is available for review at the Planning Department in Case File Nos. 2007.0558E and 2008.0789E.

equipment being transported and staged on site. Additionally, city streets have been developed to engineering standard specifications to withstand large truck weights. Furthermore, it is the ongoing responsibility of the Public Works Street and Sewer Repair Program to respond to street repair requests through SF311 and to annually score each street in San Francisco's roadway conditions. While implementation of the proposed project may result in normal wear on City streets, this would not be atypical for urban infill development projects, and would not constitute a significant impact.

DISCUSSION OF OTHER ENVIRONMENTAL ISSUES

CEQA Guidelines section 15300.2 establishes exceptions to the application of a categorical exemption for a project. None of the established exceptions applies to the proposed project.

Guidelines section 15300.2, subdivision (b), provides that a categorical exemption shall not be used where the cumulative impact of successive projects of the same type in the same place, over time, is significant. As discussed below under "Cumulative Impacts," there is no possibility of a significant cumulative effect on the environment due to the proposed project.

Guidelines section 15300.2, subdivision (c), provides that a categorical exemption shall not be used for an activity where there is a reasonable possibility that the activity will have a significant effect on the environment due to unusual circumstances. As discussed above, the proposed project would not have significant effect on traffic, noise, air quality or water quality. In addition, there is no possibility of a significant effect on the environment due to unusual circumstances for other environmental topics, including those discussed below.

CEQA Guidelines section 15300.2, subdivision (e), provides that a categorical exemption shall not be used for a project located on a site which is included on any list compiled pursuant to section 65962.5 of the Government Code. The project site is not one of these sites included on such a list, but adjacent to one, and for the reasons discussed below under "Hazardous Materials," there is no possibility that the proposed project would have significant effect on the environment related to this circumstance.

CEQA Guidelines section 15300.2, subdivision (f), provides that a categorical exemption shall not be used for a project that may cause a substantial adverse change in the significance of a historical resource. For the reasons discussed below under "Historical Resources," there is no possibility that the proposed project would have a significant effect on a historic resource.

Historic Resources. Under CEQA Guidelines section 21084.1, a property may be considered a historic resource if it is "listed in, or determined to be eligible for listing in, the California Register of Historical Resources" (CRHR). The two-story motel at 1555 Union Street was built in 1955. Since the proposed project would include demolition of a building constructed 45 or more years ago the project is subject to historic resource review by the Planning Department. The project sponsor retained an architectural firm to prepare a *historical resource evaluation*,¹⁹ which details the architectural design, historical background, and construction history of the subject property. The department reviewed the evaluation and provided a historic resource determination in a Preservation Team Review (PTR) Form.²⁰ The findings from the evaluation and historic resource determination are summarized below.

¹⁹ Richard Brandi, *Historic Resource Evaluation*, 1555 Union Street, San Francisco, CA, March 27, 2015.

²⁰ San Francisco Planning Department, *Preservation Team Review Form*, 1555 Union Street, August 3, 2015.

The evaluation applied the criteria set forth by the CRHR in evaluating the subject property. The CRHR stipulates that a property may be considered a historic resource if the property is associated with a historically significant event (Criterion 1), person (Criterion 2), or architectural style (Criterion 3), or if there is potential to gather historically significant information from the site (Criterion 4). In addition to being eligible for inclusion in the CRHR under the above-cited criteria, properties must also possess historic integrity with respect to location, design, workmanship, materials, and feeling. The evaluation found that no historic events are known to have occurred at the subject property, making it ineligible for inclusion in the CRHR under Criterion 1. None of the owners or occupants of the subject property have been identified as important to local, California, or national history, making the property ineligible for inclusion in the CRHR under Criterion 2. The subject property was originally constructed as a motel in the Mid-Century Modern architectural style. The architects, Akol, Angell, and Apaydin, are not considered master designers. While the subject building embodies the period, style, and motor inn building type that characterizes the Mid-Century Modern style, exterior alterations to the building have reduced the building's historic integrity such that the building is not a fully expressed example of this style. Therefore, the subject property has lost historic integrity and is not eligible for inclusion in the CRHR under Criterion 3. The evaluation found the subject property is not located within an identified historic district, and the area in which the building is located does not appear eligible for inclusion in the CRHR as a historic district. The historic resource determination concurred with the evaluation and determined that the subject property is not eligible for inclusion in the CRHR under Criterion 4, concluding that the subject property is not eligible for listing in the CRHR individually or as a contributor to an identified historic district. In addition, the department conducted a *preliminary archeological review* and determined that implementation of the proposed project would have no effect on archeological resources. For these reasons, the subject property does not have the potential to yield information important to the prehistory of history of the area under Criteria 4.

Therefore, the proposed project would not have a significant adverse impact on historic resources as defined by CEQA.

Hazardous Materials. The project site is not on the Hazardous Waste and Substances Sites (Coretese) List, which is a tool used by the State and local agencies and developers to comply with CEQA requirements in providing information about the location of hazardous materials release sites. Government Code section 65962.5 requires the California Environmental Protection Agency to develop an updated Coretese List at least annually. The project site is one lot removed from 2465 Van Ness Avenue (a former gas station located at the southwest corner of Union Street and Van Ness Avenue), which is a lot located in an area commonly referred to as the "Maher Area." Because the proposed project would require excavation of more than 50 cubic yards of soil on a site directly adjacent to a lot located in the "Maher Area," the Planning Department determined that the proposed property site is subject to article 22A of the San Francisco Health Code, also known as the Maher Ordinance.

The Maher Ordinance is administered and overseen by the Department of Public Health. To comply with the Maher Ordinance the project sponsor retained the services of a consultant to conduct a *phase I environmental site assessment*²¹ and submitted the report to the health department as part of their

²¹ AEI Consultants, *Phase I Environmental Site Assessment, 1555 Union Street, San Francisco, California*, March 11, 2015.

enrollment in the Maher program.²² *Phase I environmental site assessments* are used to determine the potential for site contamination and level of exposure risk associated with a prospective project.

The site assessment for the subject property consisted of an examination of current conditions at the project site and properties within the vicinity of the site, review of historical and present environmental activity on the site, review of pertinent government records and data, and analysis of all findings. During site reconnaissance, one groundwater monitoring well was observed on the subject property. The well is currently filled with cement. According to the report, this is one of approximately four monitoring wells that were installed at 1555 Union Street to monitor subsurface contamination associated with a Leaking Underground Storage Tank (LUST) case at 2465 Van Ness Avenue (the site of a former gas station located at the southwest corner of Union Street and Van Ness Avenue).²³ The other three wells were not observed. Monitoring wells may act as a conduit for hazardous materials to reach to the subsurface, unless they are correctly decommissioned. Documentation reviewed as part of the site assessment investigation did not indicate that the wells were appropriately decommissioned. Therefore, the report recommends that, if there is no intention to use the wells in the future, they should all be located and decommissioned prior to commencement of construction activities.

The following site conditions were also identified in the report: (1) mold growth and conditions conducive to the growth of mold; and (2) the potential presence of lead-based paint and asbestos. The report recommends the testing and abatement of mold, lead, and asbestos, as applicable, prior to demolition of the subject property. While the presence of monitoring wells and mold and the potential presence of lead and asbestos represent environmental considerations, the report found no evidence of a Recognized Environmental Condition,²⁴ Controlled Recognized Environmental Condition,²⁵ or Historical Recognized Environmental Condition²⁶ on the subject property.

Subsequent to the completion of the site assessment, a Subsurface Investigation (also known as a *phase II environmental site assessment*) was prepared for the subject property. Subsurface Investigations include the collection and analysis of soil and groundwater samples. Pursuant to the Maher Ordinance, the health department reviewed the site assessment, Subsurface Investigation, and other project materials submitted by the project sponsor, and determined that a site characterization workplan (workplan) is required for the project site. A workplan was prepared for the project site and submitted to health department, which

²² City and County of San Francisco Department of Public Health, *San Francisco Health Code Article 22A (Maher) Compliance, 1555 Union Street, San Francisco, EHB-SAM Case No. 1230*, July 10, 2015.

²³ The LUST case at 2465 Van Ness Avenue received regulatory case close on August 22, 2002. Stantec Consulting Corporation, *Baseline Site Assessment Report 2465 Van Ness Avenue*, October 22, 2008.

²⁴ A Recognized Environmental Condition is when the presence or likely presence of any hazardous substances or petroleum products on a property under conditions that indicate an existing release, a past release, or a material release of any hazardous substances or petroleum products into structures on the property or into the ground, groundwater, or surface water or the property.

²⁵ A Controlled Recognized Environmental Condition is when a past release of a hazardous substance or petroleum products on a property has been addressed to the satisfaction of the applicable regulatory authority, and allowed to remain on the site per the implementation of required controls.

²⁶ Historical Recognized Environmental Condition is when the past release of any hazardous substances or petroleum products that has occurred in connection with the subject property that has been remediated and given regulatory closure with no restrictions on land use.

determined that the workplan was insufficient and requested an amended workplan.²⁷ Should review of the amended workplan reveal the presence of contaminated soil or groundwater, the health department would require the project sponsor to submit a site mitigation plan and remediate any soil or groundwater contamination in accordance with article 22A of the health code.

As discussed in the site assessment, the subject property may contain lead and asbestos. Since the existing structure was built in 1955 the proposed project is subject to State and local laws and regulations pertaining to the remediation of hazardous construction materials, such as lead and asbestos. Pursuant to section 19827.5 of the California Health and Safety Code, the project sponsor must demonstrate compliance with notification requirements under applicable Federal regulations regarding hazardous air pollutants, including asbestos, prior to issuance of a demolition or alteration permit. In addition, Building Code section 3427 (Asbestos Information and Notice) requires the project sponsor to place a notice on the project site at least three days prior to commencement of asbestos-related work and for the duration of the asbestos-related work activities. Pursuant to California law, DBI would not issue the required building permit until the applicant has complied with applicable noticing requirements. Section 3426 of the Building Code (Work Practices for Lead-Based Paint on Pre-1979 Buildings and Steel Structures) regulates any work that could disturb or remove lead paint on a building constructed on or prior to December 31, 1978 and steel structures. Section 3426 requires specific notification and performance standards, and identifies prohibited work methods and penalties. Section 3426 contains provisions regarding inspection and sampling for compliance by DBI, and enforcement, and describes penalties for non-compliance with the requirements of the ordinance. These regulations and procedures, already established by State and local laws and enforced during the permit review process, would ensure that the proposed project would not result in significant impacts with respect to the release of asbestos and lead.

Based on the foregoing, the proposed project would not result in a significant hazard to the public or environment through the release of hazardous materials.

A public comment expressed a concern in response to the Neighborhood Notification letter regarding the generation and management of non-biodegradable waste as a result of the demolition and construction of the proposed project. As discussed under the topic of Air Quality, the proposed project would comply with the City's Construction and Demolition Debris Recovery Ordinance and Recycling and Composting Ordinance. The Construction and Demolition Debris Recovery Ordinance (chapter 14 of the San Francisco Environmental Code) prohibits demolition and construction waste from being placed in a landfill or garbage. All mixed debris must be transported by a registered hauler to a registered facility for recycling. Projects that include the demolition of an existing structure, such as the proposed project, must submit a waste diversion plan to the Department of Environment. The plan must ensure that at least 65 percent of demolition debris would be diverted from landfills. Pursuant to the Recycling and Composting Ordinance (chapter 19 of the Environmental Code), the project sponsor must provide for the appropriate storage, collection, and loading of recyclables, compost and solid waste for all users of the project site.

Therefore, the proposed project would not result in significant impacts related to construction- and operation-related waste.

²⁷ City and County of San Francisco Department of Public Health, *San Francisco Health Code Article 22A (Maher) Compliance*, 1555 Union Street, San Francisco, EHB-SAM Case No. 1230, July 10, 2015.

Geology and Soils. A geotechnical investigation was conducted for the proposed project site, consisting of project site reconnaissance, collection of soil samples, a review of pertinent geotechnical data, and analysis of all findings. The findings of this report are summarized in this section.²⁸

The soil mantel on the project site is comprised of approximately nine feet of fill. The fill is underlain by clay to a depth of approximately 15–20 feet below grade and sand to approximately 54 feet below grade, the maximum depth explored by the exploratory borings of the subsurface investigation. The report found that the project site is located within a state designated Seismic Hazard Zone (liquefaction likely to the project site being underlain by artificial fill) and that the potential risk of surface faulting, ground rupture, settlement, and land sliding is low. Given these conditions, the primary geotechnical considerations evaluated in the report include selection of a foundation system; excavation, shoring, and underpinning; and construction of the proposed building.

The report concludes that the site is suitable for construction of the proposed four-story, 40-foot-tall hotel and subsurface parking garage, provided the recommendations in the report are incorporated into the design and construction of the project. Recommendations in the report include: (1) construct the proposed building on a mat foundation; (2) support basement walls on foundations designed to resist lateral pressure and pressure associated with seismic forces; (3) shore excavation using tied-backs, internally braced soil cement, or concrete diaphragm walls; (4) underpin any soil cement or concrete diaphragm walls; (5) dewater the project site to a depth of at least three feet below the depth of excavation proposed at approximately 15 feet given groundwater is encountered at depths of approximately 7–8 feet; (6) carry out a construction monitoring program to appraise the effects of construction-related activities on neighboring properties, including weekly inspection of pre-selected survey point; (7) have a geotechnical engineer continuously evaluate soil conditions on the project site throughout construction. Additional recommendations for site preparation and grading, excavation activities, foundation and basement installation, underpinning, drainage, and seismic design are included in the report.

During a major earthquake located on a nearby fault, strong to very strong groundshaking is expected to occur at the project site. However, the project would not exacerbate the exposure of people or structures to substantial adverse effects due to this groundshaking because the proposed project would be required to comply with the San Francisco Building Code, which ensures the safety of all new construction in the City. The local building code has adopted California Building Standards Code requirements with certain local amendments. Chapter 18 of the state building code, Soils and Foundations, provides the parameters for geotechnical investigations and structural considerations in the selection, design and installation of foundation systems. Section 1803 sets forth the basis and scope of geotechnical investigations conducted. Section 1804 specifies considerations for excavation, grading and fill to protect adjacent structures and prevent destabilization of slopes due to erosion and/or drainage. In particular, Section 1804.1, Excavation Near Foundations, requires that adjacent foundations be protected against a reduction in lateral support as a result of project excavation. This is typically accomplished by underpinning or protecting said adjacent foundations from detrimental lateral or vertical movement, or both. Section 1807 specifies requirements for foundation walls, retaining walls, and embedded posts and poles to ensure stability against overturning, sliding, and excessive pressure, and water lift including seismic considerations. Sections 1808, Foundations) and 1809, Shallow Foundations, specify requirements for foundations systems such that the allowable bearing capacity of the soil is not exceeded and differential settlement is

²⁸ Rollo and Ridley, *Geotechnical Investigation, 1555 Union Street, San Francisco, California*, March 2, 2015.

minimized based on the most unfavorable loads specified in Chapter 16, Structural, for the structure's seismic design category and soil classification at the project site.

In addition, the Seismic Hazards Mapping Act (seismic hazards act, located in Public Resources Code 2690 *et seq.*), enacted in 1990, protects public safety from the effects of strong ground shaking, liquefaction, landslides, or other ground failures or hazards caused by earthquakes. As stated above, the California Geological Survey designates the project site as within an area that may be prone to earthquake-induced ground failure during a major earthquake due to liquefaction hazard. Because of this, site design and construction must comply with the seismic hazards act, its implementing regulations, and the California Department of Conservation's guidelines for evaluating and mitigating seismic hazards. In addition to the seismic hazards act, adequate investigation and mitigation of failure-prone soils is also required by the mandatory provisions of the state code and the California Code of Regulations, Title 24. The regulations implementing the seismic hazards act include criteria for approval of projects within seismic hazard zones, which require that a project shall be approved only when the nature and severity of the seismic hazards at the site have been evaluated in a geotechnical report and appropriate mitigation²⁹ measures have been proposed and incorporated into the project, as applicable.

The Department of Building Inspection (the building department) enforces the City's building codes by regulating the design, construction, quality of materials, use and occupancy and location of all structures. Design conformance with geotechnical recommendations for appropriate foundation and structural design are considered as part of the building department permit review process. The building department would review background information including geotechnical and structural engineering reports to ensure that the structural plans are in conformance with the geotechnical report recommendations regarding security and stability of adjoining properties and the subject property during and following construction. Therefore, potential damage to existing structures from geologic hazards on the project site would be addressed through the building department requirement for a geotechnical report and review of the building permit application, including the structural plans, pursuant to its implementation of the building code. A building permit would not be issued for the proposed project unless the sponsor and a licensed structural engineer of record can demonstrate that the project's structural design conforms to the letter and intent of the building code. In light of the above, the proposed project would not result in a significant effect related to seismic and geologic hazards.

Greenhouse Gas Emissions. The Bay Area Air Quality Management District has prepared guidelines and methodologies for analyzing GHGs. These guidelines are consistent with CEQA Guidelines sections 15064.4 and 15183.5 which address the analysis and determination of significant impacts from a proposed project's GHG emissions and allow for projects that are consistent with an adopted GHG reduction strategy to conclude that the project's GHG impact is less than significant. San Francisco's *Strategies to Address Greenhouse Gas Emissions*³⁰ presents a comprehensive assessment of policies, programs, and ordinances that collectively represent San Francisco's GHG reduction strategy in compliance with the air district and CEQA Guidelines. These GHG reduction actions have resulted in a 28 percent reduction in

²⁹ In the context of the SHMA, "mitigation" refers to measures that reduce earthquake hazards, rather than the Mitigation Measures that were identified in the programmatic EIR, which are required by the California Environmental Quality Act (CEQA) to reduce or avoid environmental impacts of a proposed project.

³⁰ San Francisco Planning Department, *Strategies to Address Greenhouse Gas Emissions in San Francisco*, November 2010. Available at http://sfmea.sfplanning.org/GHG_Reduction_Strategy.pdf, accessed March 3, 2016.

GHG emissions in 2015 compared to 1990 levels,³¹ exceeding the year 2020 reduction goals outlined in the Bay Area Air Quality Management District's *2010 Clean Air Plan*,³² Executive Order S-3-05³³, and Assembly Bill 32 (also known as the Global Warming Solutions Act).^{34,35} In addition, San Francisco's GHG reduction goals are consistent with, or more aggressive than, the long-term goals established under Executive Orders S-3-05,³⁶ B-30-15,^{37,38} and Senate Bill (SB) 32.³⁹ Therefore, projects that are consistent with San Francisco's GHG Reduction Strategy would not result in GHG emissions that would have a significant effect on the environment and would not conflict with state, regional, and local GHG reduction plans and regulations.

The proposed project would increase the intensity of use on the site by demolishing the existing two-story, 28,000 gsf motel and constructing a four-story, approximately 58,500 gsf hotel. Intensification of the project site would include increasing the number of guest rooms from 40 to 100. The number of off-street parking spaces would adjust from approximately 30 vehicle spaces to 29 vehicle spaces and one freight loading space. Therefore, the proposed project would contribute to annual long-term increases in GHGs as a result of increased vehicle trips (mobile sources) and commercial operations that result in an increase in energy use, water use, wastewater treatment, and solid waste disposal. Construction activities would also result in temporary increases in GHG emissions. However, the proposed project would be subject to regulations adopted to reduce GHG emissions as identified in the GHG reduction strategy. As discussed below, compliance with the applicable regulations would reduce the project's GHG emissions related to transportation, energy use, waste disposal, wood burning, and use of refrigerants.

³¹ San Francisco Department of Environment, Climate Program, *2015 San Francisco Geographic Greenhouse Gas Emissions Inventory At a Glance*. Available at https://sfenvironment.org/sites/default/files/fliers/files/sfe_cc_2015_community_inventory_report.pdf, accessed November 9, 2017.

³² Bay Area Air Quality Management District, *Clean Air Plan*, September 2010. Available at <http://www.baaqmd.gov/plans-and-climate/air-quality-plans/current-plans>, accessed March 3, 2016.

³³ Office of the Governor, *Executive Order S-3-05*, June 1, 2005. Available at <https://www.gov.ca.gov/news.php?id=1861>, accessed March 3, 2016.

³⁴ California Legislative Information, *Assembly Bill 32*, September 27, 2006. Available at http://www.leginfo.ca.gov/pub/05-06/bill/asm/ab_0001-0050/ab_32_bill_20060927_chaptered.pdf, accessed March 3, 2016.

³⁵ Executive Order S-3-05, Assembly Bill 32, and the Bay Area 2010 Clean Air Plan set a target of reducing GHG emissions to below 1990 levels by year 2020.

³⁶ Executive Order S-3-05 sets forth a series of target dates by which statewide emissions of GHGs need to be progressively reduced, as follows: by 2010, reduce GHG emissions to 2000 levels (approximately 457 million metric tons of carbon dioxide equivalents (MTCO₂E)); by 2020, reduce emissions to 1990 levels (approximately 427 million MTCO₂E); and by 2050 reduce emissions to 80 percent below 1990 levels (approximately 85 million MTCO₂E). Because of the differential heat absorption potential of various GHGs, GHG emissions are frequently measured in "carbon dioxide-equivalents," which present a weighted average based on each gas's heat absorption (or "global warming") potential.

³⁷ Office of the Governor, *Executive Order B-30-15*, April 29, 2015. Available at <https://www.gov.ca.gov/news.php?id=18938>, accessed March 3, 2016. Executive Order B-30-15 sets a state GHG emissions reduction goal of 40 percent below 1990 levels by the year 2030.

³⁸ San Francisco's GHG reduction goals are codified in Section 902 of the Environment Code and include: (i) by 2008, determine City GHG emissions for year 1990; (ii) by 2017, reduce GHG emissions by 25 percent below 1990 levels; (iii) by 2025, reduce GHG emissions by 40 percent below 1990 levels; and by 2050, reduce GHG emissions by 80 percent below 1990 levels.

³⁹ Senate Bill 32 amends California Health and Safety Code Division 25.5 (also known as the California Global Warming Solutions Act of 2006) by adding Section 38566, which directs that statewide greenhouse gas emissions to be reduced by 40 percent below 1990 levels by 2030.

Compliance with the City's Commuter Benefits Program, Emergency Ride Home Program, transportation management programs, Transportation Sustainability Fee, Jobs-Housing Linkage Program, bicycle parking requirements, and low-emission car parking requirements would reduce the proposed project's transportation-related emissions. These regulations reduce GHG emissions from single-occupancy vehicles by promoting the use of alternative transportation modes with zero or lower GHG emissions on a per capita basis. The proposed project would be required to comply with the energy efficiency requirements of the City's Green Building Code, Stormwater Management Ordinance, Water Conservation and Irrigation ordinances, and Energy Performance Ordinance, which would promote energy and water efficiency, thereby reducing the proposed project's energy-related GHG emissions.⁴⁰ The proposed project's waste-related emissions would be reduced through compliance with the City's Recycling and Composting Ordinance, Construction and Demolition Debris Recovery Ordinance, and Green Building Code requirements. These regulations reduce the amount of materials sent to a landfill, reducing GHGs emitted by landfill operations. These regulations also promote reuse of materials, conserving their embodied energy⁴¹ and reducing the energy required to produce new materials. Compliance with the City's Street Tree Planting requirements would serve to increase carbon sequestration. The project will be required to plant six new trees for the Public Works reviewed and "approvable" request to remove one existing, significant tree on the property. Other regulations, including those limiting refrigerant emissions and the Wood Burning Fireplace Ordinance would reduce emissions of GHGs and black carbon, respectively. Regulations requiring low-emitting finishes would reduce volatile organic compounds (VOCs).⁴² Thus, the proposed project was determined to be consistent with San Francisco's GHG reduction strategy.⁴³

Therefore, the proposed project's GHG emissions would not conflict with state, regional, and local GHG reduction plans and regulations; and the proposed project's contribution to GHG emissions would not be cumulatively considerable or generate GHG emissions, either directly or indirectly, that would have a significant impact on the environment. As such, the proposed project would not result in a significant impact with respect to GHG emissions.

Cumulative Impacts. The 2465 Van Ness Avenue project, located on the east side of the Project block, proposes the demolition of the existing gas station and construction of a new, seven-story building containing 41 residences, approximately 3,000 sf of ground-floor commercial use, and 31 below grade vehicle parking spaces. Additionally, the 2525 Van Ness Avenue project, located approximately 400 feet north of the project site, proposes demolition of the existing two-story, approximately 10,000 sf commercial building to construct a new, seven-story, 65-foot-tall mixed-use building containing 28 dwelling units, approximately 2,000 sf of groundfloor commercial use, and 14 below grade vehicle parking spaces. These projects are currently undergoing environmental review and have not yet been approved. However, there is no possibility of a significant cumulative effect on the environment due to the proposed project for the following reasons.

⁴⁰ Compliance with water conservation measures reduce the energy (and GHG emissions) required to convey, pump and treat water required for the project.

⁴¹ Embodied energy is the total energy required for the extraction, processing, manufacture and delivery of building materials to the building site.

⁴² While not a GHG, VOCs are precursor pollutants that form ground level ozone. Increased ground level ozone is an anticipated effect of future global warming that would result in added health effects locally. Reducing VOC emissions would reduce the anticipated local effects of global warming.

⁴³ San Francisco Planning Department, *Greenhouse Gas Analysis: Compliance Checklist for 1555 Union Street*, October 28, 2016.

As discussed under Transportation in the *Exemption Status* section, the proposed project meets the San Francisco 2040 cumulative VMT conditions screening criteria, and thus would not contribute considerably to cumulative VMT. The proposed project would not contribute considerably to any cumulative transit impacts, as project generated transit trips would be dispersed across multiple transit lines. While construction of other development projects in the area, such as 2465 Van Ness Avenue, may occur at the same time as construction of the proposed project, construction-related impacts, generally, would not be considered significant due to their temporary and limited duration. In addition, the project sponsor and/or construction contractors of the proposed project would be required to coordinate with various city departments such as the SFMTA and Public Works through the Transportation Advisory Staff Committee to develop coordinated plans that would address construction-related vehicle routing and pedestrian movements adjacent to the construction area for the duration of overlap with other construction projects in the vicinity. Thus, the proposed project in combination with cumulative projects would not result in cumulative transportation impacts.

With regards to air quality, projects that meet the Bay Area Air Quality Management District's screening criteria would not result in a cumulatively considerable net increase in criteria air pollutants within the San Francisco Bay Area Air Basin. Since the proposed project meets the screening criteria, it would not contribute to a cumulative air quality impact. Furthermore, the proposed project and projects in the site vicinity would also be required to comply with Construction Dust Control Ordinance and California regulations that limit idling to no more than five minutes. Similarly, the proposed project and other projects in the site vicinity would be required to comply with uniformly applicable regulations such as the San Francisco Noise Ordinance, Construction Site Runoff Ordinance, Maher Ordinance, and regulations governing the abatement of hazardous building materials. Compliance with these requirements would further ensure that the proposed project would not result in a cumulatively considerable contribution to impacts on noise, water quality, and hazards and hazardous materials.

The proposed project would include demolition of the existing building on the project site and construction of a new building. The existing structure was determined not to be a historic resource, and is not located in an identified or eligible historic district. Therefore, the proposed project could not contribute to any significant cumulative effect on historic resources.

The proposed project and other construction projects in the site vicinity would be subject to and required to comply with the building code, and therefore would not result in a significant cumulative impact with regards to seismic and geologic hazards.

In light of the above, no significant cumulative impacts would occur as a result of the proposed project.

Public Notice and Comment. A "Notification of Project Receiving Environmental Review" was mailed on August 9, 2016 to owners and occupants of properties within a 300 foot radius of the project site and other interested parties. The department received numerous comments from neighbors and other member of the public. Concerns related to physical environmental effects were raised regarding operational and project-generated construction traffic; construction and operational noise; construction dust; water pollution and adequacy of utilities and public services. These concerns were taken into consideration and addressed in the *Exemption Status* section of this Certificate of Determination (the "Certificate"), as appropriate for CEQA analysis. Additional concerns were raised regarding the handling of hazardous building materials and construction waste; stability of adjacent structures during construction; vibration from construction activities; the proposed project's greenhouse gas emissions; and cumulative impacts. These concerns are addressed in the *Discussion of Other Environmental Issues* section of this Certificate of Determination. In addition, comments regarding the physical environmental effects

of the proposed project are addressed below: the adequacy and operation of proposed off-street vehicle parking; and modifications to projects determined to be exempt under CEQA.

- 1) Parking. Public Resources Code section 21099(d)(1), effective January 1, 2014, provides that “aesthetics and parking impacts of a residential, mixed-use residential, or employment center project on an infill site within a transit priority area shall not be considered significant impacts on the environment.” Parking and aesthetic conditions are no longer considered significant impacts on the environment provided the project meets all of the following criteria:
 - a) The project is on an infill site;⁴⁴
 - b) The project is in a transit priority;⁴⁵ and
 - c) The project is residential, mixed-use residential, or an employment center.⁴⁶

The proposed project would include construction of a 100-room hotel with a floor area ratio of greater than 0.75 on a site currently developed with a 40-room motel, zoned for commercial uses, and located within one-half mile of a major transit stop. For these reasons the proposed project is appropriately characterized as an employment center project on an infill site that is within a transit priority area. Therefore, the proposed project satisfies the above criteria, and the adequacy of parking conditions was not considered in determining the significance of the proposed project’s impacts under CEQA. The following is provided for informational purposes.

Planning Code section 150 directs that accessory vehicle parking for hotels be provided at a rate of 0.8 spaces per guest room. Therefore, the proposed 100-room hotel project is required to provide 80 parking spaces. However, the project sponsor proposes to provide approximately 29 vehicle parking spaces. Section 161(g) of the planning code allows the Zoning Administrator to reduce the off-street parking requirement in an NC District pursuant to the criteria of section 307(i) of the planning code. In order to provide fewer parking spaces than required by the planning code, the project sponsor must submit a Parking Reduction Request application and receive approval from the Zoning Administrator.

While the proposed project would have a deficit of approximately 51 off-street parking spaces to meet the Planning Code section 150 defined accessory vehicle parking rate, any unmet parking demand generated by hotel employees and guests could be accommodated through alternative modes of transportation, as well as by existing on-street and off-street parking spaces. The project site is served by Muni bus routes 19-Polk, 27-Bryant, 30-Stockton, 41-Union, 45-Union/Stockton, 47-Van Ness, and 49-Van Ness/Mission, which have stops within one-half mile of the project site.⁴⁷ In addition, Golden Gate Transit routes 70-Novato and 101-Santa Rosa are located in the

⁴⁴ A lot located within an urban area that has been previously developed, or on a vacant site where at least 75 percent of the perimeter of the site adjoins, or is separated only by an improved public right-of-way from, parcels that are developed with qualified urban uses.

⁴⁵ An area within one-half mile of a major transit stop that is existing or planned, if the planned stop is scheduled to be completed within the planning horizon included in a Transportation Improvement Program adopted pursuant to Section 450.216 or 450.322 of Title 23 of the Code of Federal Regulations.

⁴⁶ An employment center project is located on property zoned for commercial uses with a floor area ratio of no less than 0.75 and that is located within a transit priority area.

⁴⁷ *Transit-Oriented Infill Project Eligibility Checklist*, 1555 Union Street, San Francisco, CA, Jenny Delumo, October 4, 2016.

project vicinity. Several bicycle routes traverse the project site vicinity, including, but not limited to, routes on Polk, Octavia, and Green Streets. The project site is also located within an established pedestrian network that includes continuous sidewalks, crosswalks, curb ramps, pedestrian walk signals, and other pedestrian amenities. Paid off-street parking can be found at the Lombard and Pierce Street public parking garages, and metered parking spaces are located on Union and Polk Streets.

Construction-related parking impacts, generally, would not be considered significant due to their temporary and limited duration. While construction workers who drive to the project site would temporarily increase demand for street parking, construction workers would be able to access the project site via the transit lines described above or by parking in the aforementioned public parking garages.

Overall, the proposed project would not result in a substantial parking shortfall that would create hazardous traffic conditions or overtax the capacity of the surrounding transportation system.

With regards to operation of the proposed parking garage, a member of the public expressed a concern in response to the Neighborhood Notification letter regarding the possibility of traffic impacts due to cars making westbound left turns out of the garage onto Union Street. It is not anticipated that these left turns would result in traffic operation issues, as this turn movement already occurs at the existing building. While the proposed project would create 29 vehicle parking spaces and one freight off-street parking space to the site, not all of the new trips generated by these vehicles would make a westbound left turn onto Union Street and the overall volume of new vehicle trips would be dispersed throughout the day. Any queuing due to vehicles waiting to enter westbound traffic on Union Street would occur on the project site, and the proposed parking configuration is expected to be adequate for vehicle queuing. Furthermore, as discussed under Transportation in the *Exemption Status* section, traffic congestion is not considered an impact on the environment under CEQA.

- 2) Modification of Exempt Projects. A member of the public expressed a concern in response to the Neighborhood Notification letter that after the environmental determination is issued for the proposed project, the Planning Commission could approve the project for a greater intensity of development than what has been analyzed in this Class 32 Categorical Exemption Certificate. The San Francisco Administrative Code section 31.08(i) outlines the procedure for projects modified after issuance of a determination that the project is exempt from environmental review. Section 31.08(i) states that when a change occurs to a project determined to be exempt, prior to any approval action, the Environmental Review Officer (ERO) must determine whether the change is a substantial modification requiring reevaluation under section 31.19(b) of the administrative code. Per section 31.08(i), should the ERO determine that the change would constitute a substantial modification, further environmental review would be required. Therefore, the Planning Commission would not be able to adopt CEQA findings for the proposed project if any revisions to the proposal would result in a greater intensity of development than that analyzed in this Certificate.

Comments that do not pertain to physical environmental issues and comments on the merits of the proposed project will be considered in the context of project approval or disapproval, independent of the environmental review process. While local concerns or other planning considerations may be grounds for modifying or denying the proposed project, in the independent judgment of the Planning Department,

there is no substantial evidence that the proposed project would have a significant effect on the environment.

Conclusion. The proposed project satisfies the criteria for exemption under the above-cited classification. In addition, none of the CEQA Guidelines section 15300.2 exceptions to the use of a categorical exemption applies to the proposed project. For the above reasons, the proposed project is appropriately exempt from environmental review.



APPLICATION PACKET OF INFORMATION FOR **Transportation Demand Management Program**

WHAT IS THE TRANSPORTATION DEMAND MANAGEMENT (TDM) PROGRAM?

The City and County of San Francisco ("City") is projected to grow substantially through 2040, and this growth will bring more cars. The Transportation Demand Management (TDM) Program is aimed at improving and expanding the City's transportation system, and it creates a policy framework for new private development to minimize its impact on the transportation system. The TDM Program helps ensure that new developments are designed to make it easier for residents, tenants, employees, and visitors to get around by sustainable travel modes, such as transit, walking, and biking. Property owners choose from a variety of TDM measures, which are intended to reduce Vehicle Miles Traveled ("VMT") associated with a particular type of development project.

Planning Code Section 169 identifies the applicability for the TDM Program and establishes the TDM Program Standards. The TDM Program Standards contain the specific requirements necessary for a Development Project's compliance with the TDM Program. These requirements include submittal of one or more TDM Plans. The TDM Plan(s) shall document the Development Project's compliance with the TDM Program, including the Development Project's point target and associated TDM measures selected to achieve that point target.

WHEN IS A TDM PLAN NECESSARY?

In general, any Development Project that meets the applicability criteria of Planning Code Section 169.3 shall be subject to the TDM Program requirements, and must submit a TDM Plan. This includes projects that propose:

- Addition/Construction of ten (10) or more Dwelling Units
- Addition/Construction of ten (10) or more bedrooms of Group Housing
- New construction resulting in 10,000 square feet of **occupied floor area** or more of any use other than Residential, excluding any area used for accessory parking
- Any Change of Use of 25,000 square feet of **occupied floor area** or more of any use other than Residential, excluding any area used for accessory parking, if:
 - The Change of Use involves a change from a Residential use to any use other than Residential, or
 - The Change of Use involves a change from any use other than Residential to another use other than Residential.

Projects that are 100% Affordable Housing, or projects that are for Parking Garages or Parking Lots that are not included within a larger Development Project, are exempt from the TDM Program requirements.

Projects with a Development Application filed, or an Environmental Evaluation Application deemed complete on or before September 4, 2016, shall be subject to 50% of the applicable target requirement. Projects not meeting the above criteria, but which file a Development Application before January 1, 2018, shall be subject to 75% of the applicable target requirement. Projects submitting their first Development Application on or after January 1, 2018 shall be subject to 100% of the target requirement.

HOW DOES THE PROCESS WORK?

If the project is subject to the TDM Program per Planning Code Section 169.3, the Project Sponsor shall fill out and submit the accompanying application form, along with the associated application fee, at the time of submittal for the first Development Application for the project.

For projects that require a pre-application community meeting, the Project Sponsor must discuss potential TDM measures at the meeting and solicit feedback from the local community to be taken into consideration when preparing the proposed TDM Plan application for submission. In addition, if the project requires a Preliminary Project Assessment (PPA), the Project Sponsor is required to submit a draft TDM Plan with the PPA application.

Once the TDM Plan is received, Planning Department staff will review the application for compliance with the TDM Program Standards in conjunction with review of the Development Application for the project. The project will be subject to the TDM Program Standards in effect on the date the TDM Plan application is accepted at the Planning Department.

A project's TDM Plan will be finalized prior to Planning Department approval of the associated building permit. The final TDM Plan will be recorded as a Notice in the Official Records of the Recorder of the City. Neither the Planning Commission or the Zoning Administrator can waive, reduce, or adjust the requirements of the TDM Program through the approval process for the Development Application. However, a Development Project's finalized TDM Plan may be subsequently modified after the issuance of a building or site permit, in accordance with Planning Code Section 169.4 and the TDM Program Standards.

All projects subject to the TDM Program must designate a TDM coordinator: the point of contact for Planning Department staff on the project's compliance with the TDM Program. The project's TDM coordinator will also coordinate a pre-occupancy site visit with Planning Department staff, and will submit Pre-Occupancy and Ongoing Monitoring and Reporting Forms along with the associated monitoring fee. These steps will help the Department ensure that the project will continue to comply with its TDM Plan.

WHO MAY SUBMIT A TDM PLAN?

The TDM Plan will be recorded on the property and will run with the property in perpetuity. Therefore, the property owner or a party designated as the owner's agent may submit the TDM Plan application.

FEES:

Please refer to the Planning Department Fee Schedule available at www.sfplanning.org or at the Planning Information Center (PIC) located at 1660 Mission Street, First Floor, San Francisco. For questions related to the Fee Schedule, please call the PIC at (415) 558-6377.

Submission of a TDM Plan application includes an initial application submittal fee. Should the cost of staff time exceed the initial fee paid, an additional fee for time and materials may be billed upon completion of the hearing process or permit approval. Monitoring for compliance will occur once a year beginning 18 months after occupancy, or will occur once every 3 years for those property owners that are in good standing after a period of 5 consecutive years. Such monitoring will be subject to a separate application and associated fee.

Development Projects consisting of 24 or fewer Dwelling Units shall be exempt from the periodic compliance review fee and the voluntary TDM Plan update review fee, but shall otherwise be subject to the TDM Program, including the required payment of the initial application fee.

Any land use that requires a TDM Plan, but will be occupied by a non-profit organization that will receive funding from the City to provide services at the subject property shall be exempt from all TDM application fees, provided it files a fee waiver application with the TDM Plan application at the time of submittal, and additional fee waivers with each Ongoing Monitoring and Reporting Form, and as needed if there is a voluntary TDM Plan update submittal. These non-profit fee waivers shall be revoked if a change occurs in the use or tenancy of the project, such that the minimum requirements for a waiver are no longer met.

TDM PLAN UPDATE:

Following occupancy of a project, if a property owner wishes to change their TDM Plan and select different measures they may submit a TDM Plan Update application, so long as it would still allow them to achieve the required point target for their Development Project. The attached application will also be used for the TDM Plan Update application, and will require a Letter of Authorization from the property owner and a written description of any programmatic TDM measures to be offered. Additionally, for a TDM Plan Update application, a set of plans must be submitted showing any physical TDM measures.



TRANSPORTATION DEMAND MANAGEMENT (TDM) PROGRAM

APPLICATION SUBMITTAL REQUIREMENTS

The attached application for a TDM Plan includes a basic project description, necessary contact information, more detailed project description tables that identify the proposed land use(s), relevant point target(s) for the project, and a TDM Menu worksheet that lists the various measures the project may select in order to meet the required point target. For any programmatic TDM measures you must include a written description of the services to be provided. For physical TDM measures, the plans associated with the Development Application must show the location, number, and/or dimensions of these measures; however, a separate set of drawings is not required with the TDM application. Please answer all questions fully. Please type or print in ink and attach pages if necessary.

For assistance in preparing a TDM Plan, the Department provides a number of resources available online. Please visit <http://sf-planning.org/tdm-materials-and-resources> for more information.

WHAT TO SUBMIT:

1. One (1) original of this application signed by owner or agent, with all blanks filled in.
2. A digital copy of all documents submitted (may be provided via CD or USB drive), containing the application and any other submittal materials that are available electronically.
3. Additional Information for Programmatic TDM Measures: the application must be accompanied by a written description of the services to be provided for any programmatic TDM measures.
4. A check made payable to the "San Francisco Planning Department" for the required application fee amount. (See Fee Schedule and/or Calculator)

Additionally, if you are not the property owner:

5. Written documentation from the property owner designating the Applicant as an Authorized Agent.

All plans and other exhibits submitted with this application will be retained as part of the permanent public record in this case.

HOW TO SUBMIT:

To file your TDM Plan application, please bring the application and all accompanying materials with you at the time of your intake appointment for the project's Development Application.

To schedule an appointment, please send an email request along with the intake appointment request form to: CPC.Intake@sfgov.org.

Intake request forms are available here: <http://sf-planning.org/permit-forms-applications-and-fees>.

Projects that only require a Building Permit Application or if the Building Permit Application is the first Development Application filed for the project, the TDM Plan application may be submitted in person at the Planning Information Center at 1660 Mission Street, first floor.

Español: Si desea ayuda sobre cómo llenar esta solicitud en español, por favor llame al 415-575-9010. Tenga en cuenta que el Departamento de Planificación requerirá al menos un día hábil para responder

中文: 如果您希望獲得使用中文填寫這份申請表的幫助, 請致電415-575-9010。請注意, 規劃部門需要至少一個工作日來回應。

Tagalog: Kung gusto mo ng tulong sa pagkumpleto ng application na ito sa Filipino, paki tawagan ang 415-575-9121. Paki tandaan na mangangailangan ang Planning Department ng hindi kukulangin sa isang araw na pantrabaho para makasagot.



TRANSPORTATION DEMAND MANAGEMENT (TDM) PLAN APPLICATION

Property Owner's Information

Name: _____

Address: _____

Email Address: _____

Telephone: _____

Applicant Information (if applicable)

Name: _____

Same as above ☐

Company/Organization: _____

Address: _____

Email Address: _____

Telephone: _____

Please Select Billing Contact:

☒ Owner

☐ Applicant

☐ Other (see below for details)

Name: _____ Email: _____ Phone: _____

Please Select Primary Project/TDM Contact:

☐ Owner

☒ Applicant

☐ Billing

☐ Other (see below for details)

Name: _____ Email: _____ Phone: _____

Property Information

Project Address: _____

Block/Lot(s): _____

Project Description:

Please provide a narrative project description that summarizes the project and its purpose. ☐ See Attachment

LAND USE TABLES

If you are not sure of the eventual size of the project, provide the maximum estimates.

Gross Floor Area and Occupied Floor Area are defined in Planning Code Section 102.

Land Use Category A (Retail)	
Gross Floor Area (GFA)	
Occupied Floor Area (OFA)	
Number of Accessory Parking Spaces	
Target Points	

Land Use Category B (Office)	
Gross Floor Area (GFA)	
Occupied Floor Area (OFA)	
Number of Accessory Parking Spaces	
Target Points	

Land Use Category C (Residential)	
Gross Floor Area (GFA)	
Occupied Floor Area (OFA)	
Number of Accessory Parking Spaces	
Target Points	

Land Use Category D (Other)	
Gross Floor Area (GFA)	
Occupied Floor Area (OFA)	
Number of Accessory Parking Spaces	
Target Points	

TDM PLAN WORKSHEET

Category	Measure	Points	Land Use Category			
			A Retail	B Office	C Residential	D Other
ACTIVE-1	Improve Walking Conditions: Option A ; or	1				
	Improve Walking Conditions: Option B	1				
ACTIVE-2	Bicycle Parking: Option A ; or	1				
	Bicycle Parking: Option B ; or	2				
	Bicycle Parking: Option C ; or	3				
	Bicycle Parking: Option D	4				
ACTIVE-3	Showers and Lockers	1				
ACTIVE-4	Bike Share Membership: Location A ; or	1				
	Bike Share Membership: Location B	2				
ACTIVE-5A	Bicycle Repair Station	1				
ACTIVE-5B	Bicycle Maintenance Services	1				
ACTIVE-6	Fleet of Bicycles	1				
ACTIVE-7	Bicycle Valet Parking	1				
CSHARE-1	Car-share Parking and Membership: Option A ; or	1				
	Car-share Parking and Membership: Option B ; or	2				
	Car-share Parking and Membership: Option C ; or	3				
	Car-share Parking and Membership: Option D ; or	4				
	Car-share Parking and Membership: Option E	5				
DELIVERY-1	Delivery Supportive Amenities	1				
DELIVERY-2	Provide Delivery Services	1				
FAMILY-1	Family TDM Amenities: Option A ; and/or	1				
	Family TDM Amenities: Option B	1				
FAMILY-2	On-site Childcare	2				
FAMILY-3	Family TDM Package	2				
HOV-1	Contributions or Incentives for Sustainable Transportation: Option A ; or	2				
	Contributions or Incentives for Sustainable Transportation: Option B ; or	4				
	Contributions or Incentives for Sustainable Transportation: Option C ; or	6				
	Contributions or Incentives for Sustainable Transportation: Option D	8				
HOV-2	Shuttle Bus Service: Option A ; or	7				
	Shuttle Bus Service: Option B	14				

= applicable to land use category.

= applicable to land use category, see fact sheets for further details regarding project size and/or location.

= applicable to land use category only if project includes some parking.

= not applicable to land use category.

= project sponsor can select these measures for land use category D, but will not receive points.

NOTE: Please tally the points on the next page.

NOTE: A project sponsor can only receive up to 14 points between HOV-2 and HOV-3.

Category	Measure	Points	Land Use Category			
			A Retail	B Office	C Residential	D Other
HOV-3	Vanpool Program: Option A; or	1				
	Vanpool Program: Option B; or	2				
	Vanpool Program: Option C; or	3				
	Vanpool Program: Option D; or	4				
	Vanpool Program: Option E; or	5				
	Vanpool Program: Option F; or	6				
	Vanpool Program: Option G	7				
INFO-1	Multimodal Wayfinding Signage	1				
INFO-2	Real Time Transportation Information Displays	1				
INFO-3	Tailored Transportation Marketing Services: Option A; or	1				
	Tailored Transportation Marketing Services: Option B; or	2				
	Tailored Transportation Marketing Services: Option C; or	3				
	Tailored Transportation Marketing Services: Option D	4				
LU-1	Healthy Food Retail in Underserved Area	2				
LU-2	On-site Affordable Housing: Option A; or	1				
	On-site Affordable Housing: Option B; or	2				
	On-site Affordable Housing: Option C; or	3				
	On-site Affordable Housing: Option D	4				
PKG-1	Unbundle Parking: Location A; or	1				
	Unbundle Parking: Location B; or	2				
	Unbundle Parking: Location C; or	3				
	Unbundle Parking: Location D; or	4				
	Unbundle Parking: Location E	5				
PKG-2	Parking Pricing	2				
PKG-3	Parking Cash Out: Non-residential Tenants	2				
PKG-4	Parking Supply: Option A; or	1				
	Parking Supply: Option B; or	2				
	Parking Supply: Option C; or	3				
	Parking Supply: Option D; or	4				
	Parking Supply: Option E; or	5				
	Parking Supply: Option F; or	6				
	Parking Supply: Option G; or	7				
	Parking Supply: Option H; or	8				
	Parking Supply: Option I; or	9				
	Parking Supply: Option J; or	10				
	Parking Supply: Option K	11				

= applicable to land use category.

= applicable to land use category, see fact sheets for further details regarding project size and/or location.

= applicable to land use category only if project includes some parking.

= not applicable to land use category.

= project sponsor can select these measures for land use category D, but will not receive points.

Land Use Category Totals

A Retail B Office C Residential D Other

Point Subtotal from Page 1: _____


Point Subtotal from Page 2: _____

Totals: _____

APPLICANT'S AFFIDAVIT

Under penalty of perjury the following declarations are made:

- a) The undersigned is the owner or authorized agent of the owner of this property.
- b) The information presented is true and correct to the best of my knowledge.
- c) The TDM Program Standards included multiple options to meet the target, and of those options, the owner has selected the TDM measures included in the TDM Plan application.
- d) Other information or applications may be required.



Signature

Name (Printed)

Relationship to Project
(i.e. Owner, Architect, etc.)

Phone

Email

For Department Use Only

Application received by Planning Department:

By: _____

Date: _____



SAN FRANCISCO
PLANNING
DEPARTMENT

AFFIDAVIT FOR FIRST SOURCE HIRING PROGRAM

Administrative Code

Chapter 83

1650 Mission Street, Suite 400 • San Francisco CA 94103-2479 • 415.558.6378 • <http://www.sfplanning.org>

Section 1: Project Information

PROJECT ADDRESS		BLOCK/LOT(S)	
1555 UNION STREET, SAN FRANCISCO CA 94123		0546/001B	
BUILDING PERMIT APPLICATION NO.	CASE NO. (IF APPLICABLE)	MOTION NO. (IF APPLICABLE)	
	2014.1364 CUA		
PROJECT SPONSOR	MAIN CONTACT	PHONE	
	Young Kim	415-776-3310	
ADDRESS			
369 14th Avenue, San Francisco, CA			
CITY, STATE, ZIP		EMAIL	
San Francisco, CA		unionkim914@hotmail.com	
ESTIMATED RESIDENTIAL UNITS	ESTIMATED SQ FT COMMERCIAL SPACE	ESTIMATED HEIGHT/FLOORS	ESTIMATED CONSTRUCTION COST
0	46,345 (Hotel)	40 ft, 4/1B	\$13,000,000
ANTICIPATED START DATE			

Section 2: First Source Hiring Program Verification

CHECK ALL BOXES APPLICABLE TO THIS PROJECT	
<input type="checkbox"/>	Project is wholly Residential
<input checked="" type="checkbox"/>	Project is wholly Commercial
<input type="checkbox"/>	Project is Mixed Use
<input type="checkbox"/>	A: The project consists of ten (10) or more residential units;
<input checked="" type="checkbox"/>	B: The project consists of 25,000 square feet or more gross commercial floor area.
<input type="checkbox"/>	C: Neither 1A nor 1B apply.
NOTES:	
<ul style="list-style-type: none">If you checked C, this project is <u>NOT</u> subject to the First Source Hiring Program. Sign Section 4: Declaration of Sponsor of Project and submit to the Planning Department.If you checked A or B, your project <u>IS</u> subject to the First Source Hiring Program. Please complete the reverse of this document, sign, and submit to the Planning Department prior to any Planning Commission hearing. If principally permitted, Planning Department approval of the Site Permit is required for all projects subject to Administrative Code Chapter 83.For questions, please contact OEWD's CityBuild program at CityBuild@sfgov.org or (415) 701-4848. For more information about the First Source Hiring Program visit www.workforcedevelopmentsf.orgIf the project is subject to the First Source Hiring Program, you are required to execute a Memorandum of Understanding (MOU) with OEWD's CityBuild program prior to receiving construction permits from Department of Building Inspection.	

Continued...

Section 3: First Source Hiring Program – Workforce Projection

Per Section 83.11 of Administrative Code Chapter 83, it is the developer's responsibility to complete the following information to the best of their knowledge.

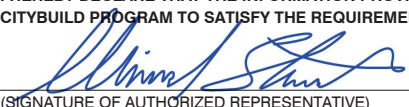
Provide the estimated number of employees from each construction trade to be used on the project, indicating how many are entry and/or apprentice level as well as the anticipated wage for these positions.

Check the anticipated trade(s) and provide accompanying information (Select all that apply):

TRADE/CRAFT	ANTICIPATED JOURNEYMAN WAGE	# APPRENTICE POSITIONS	# TOTAL POSITIONS	TRADE/CRAFT	ANTICIPATED JOURNEYMAN WAGE	# APPRENTICE POSITIONS	# TOTAL POSITIONS
Abatement Laborer	UNKNOWN			Laborer	0	3	3
Boilermaker	0	0	0	Operating Engineer	0	0	0
Bricklayer	0	0	0	Painter	2	2	4
Carpenter	12	6	18	Pile Driver	0	0	0
Cement Mason	4	4	8	Plasterer	2	2	4
Drywall/Latherer	8	4	12	Plumber and Pipefitter	3	3	6
Electrician	6	2	8	Roofer/Water proofers	2	2	4
Elevator Constructor	2	0	2	Sheet Metal Worker	1	1	2
Floor Coverer	3	3	6	Sprinkler Fitter	3	0	3
Glazier	2	2	4	Taper	2	0	0
Heat & Frost Insulator	2	1	3	Tile Layer/ Finisher	2	1	0
Ironworker	2	0	2	Other:	4	4	8
		TOTAL:	63			TOTAL:	34

- | | | |
|--|-------------------------------------|--------------------------|
| | YES | NO |
| 1. Will the anticipated employee compensation by trade be consistent with area Prevailing Wage? | <input checked="" type="checkbox"/> | <input type="checkbox"/> |
| 2. Will the awarded contractor(s) participate in an apprenticeship program approved by the State of California's Department of Industrial Relations?
(TO BE DETERMINED WHEN GC IS SELECTED) | <input type="checkbox"/> | <input type="checkbox"/> |
| 3. Will hiring and retention goals for apprentices be established?
(TO BE DETERMINED WHEN GC IS SELECTED) | <input type="checkbox"/> | <input type="checkbox"/> |
| 4. What is the estimated number of local residents to be hired?
(TO BE DETERMINED WHEN GC IS SELECTED) | <hr/> | |

Section 4: Declaration of Sponsor of Principal Project

PRINT NAME AND TITLE OF AUTHORIZED REPRESENTATIVE	EMAIL	PHONE NUMBER
Michael Stanton, Architect	apolk@stantonarchitecture.com	415-865-9600
I HEREBY DECLARE THAT THE INFORMATION PROVIDED HEREIN IS ACCURATE TO THE BEST OF MY KNOWLEDGE AND THAT I COORDINATED WITH OEWD'S CITYBUILD PROGRAM TO SATISFY THE REQUIREMENTS OF ADMINISTRATIVE CODE CHAPTER 83.		
 (SIGNATURE OF AUTHORIZED REPRESENTATIVE)		5/30/2017 (DATE)

FOR PLANNING DEPARTMENT STAFF ONLY: PLEASE EMAIL AN ELECTRONIC COPY OF THE COMPLETED AFFIDAVIT FOR FIRST SOURCE HIRING PROGRAM TO OEWD'S CITYBUILD PROGRAM AT CITYBUILD@SFGOV.ORG

Cc: Office of Economic and Workforce Development, CityBuild
 Address: 1 South Van Ness 5th Floor San Francisco, CA 94103 Phone: 415-701-4848
 Website: www.workforcedevelopmentsf.org Email: CityBuild@sfgov.org



Market Demand Analysis

Proposed Fairfield Inn & Suites San Francisco, CA



Prepared For:

Mr. Eric S. Gonzales
Stanton Architecture
1501 Mariposa Street, Suite 328
San Francisco, CA 94107

Prepared By:

CBRE Hotels, Consulting
San Francisco, CA

Date of the Report:

January 12, 2017

16-490SF-0144

CBRE



Chris Kraus
Managing Director
CBRE Hotels, Consulting

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January 12, 2017

Mr. Eric S. Gonzales
Stanton Architecture
1501 Mariposa Street, Suite 328
San Francisco, CA 94107

Re: Market Demand Analysis
Proposed Fairfield Inn & Suites
1555 Union Street
San Francisco, CA 94123
CBRE, Inc. File No. 16-490SF-0144

Dear Mr. Gonzales:

In accordance with your request, we have completed our engagement contract, which is a study of the potential market demand for a proposed hotel (the "Subject" or "Hotel") to be located at 1555 Union Street in San Francisco, California. Pursuant to our engagement, we have prepared this report summarizing our findings.

The conclusions set forth are based on an analysis of the existing and potential future supply and demand for the competitive lodging market as of the completion of our fieldwork in January of 2016. This report is intended for your internal management use as well as for presentation to representatives of the City and County of San Francisco for understanding the potential market demand for the proposed Hotel within the City of San Francisco lodging market.

As in all studies of this type, the estimated results are based on competent and efficient management and presume no significant change in the status of the competitive lodging market from that as set forth in this report. The terms of our engagement are such that we have no obligation to revise our conclusions to reflect events or conditions that occur subsequent to the date of completion of our fieldwork. However, we are available to discuss the necessity for revisions in view of changes in the economy or market factors impacting the competitive lodging market.

Since the proposed Hotel's future performance is based on estimates and assumptions that are subject to uncertainty and variation, we do not present them as results that will actually be achieved. However, our analysis has been conscientiously prepared on the basis of information obtained during the course of this assignment and on our experience in the industry. This report is subject to the Certification and Assumptions and Limiting Conditions presented in the Addenda.

After you have had an opportunity to review this report, please feel free to contact us with any questions or comments. Thank you for the opportunity to work with you on this interesting engagement.

Yours sincerely,

CBRE Hotels, Consulting



By: Chris Kraus
Managing Director
chris.kraus@cbre.com | 415.652.4483



By: Catherine Bolstad
Director
catherine.bolstad@cbre.com | 415.772.0357

A. INTRODUCTION

1. OVERVIEW OF THE MARKET STUDY

CBRE Hotels was formally retained on December 17, 2016, by Mr. Young Kim who controls the identified Subject site. The site, which is located at 1555 Union Street in San Francisco, California, is currently improved with the 40-room Pacific Heights Inn, a two-story, exterior-corridor motel. As we understand it, Mr. Young Kim is working with Stanton Architecture to redevelop the site with a nationally-affiliated, upper midscale hotel. As a component of this analysis, we first determined the market potential for a hotel by evaluating supply and demand trends within the San Francisco lodging market. Based on the recent performance of comparable hotels in the market, we then provided our projections of the occupancy and average daily room rate ("ADR") the proposed Hotel could achieve for its first five years of operation. For the purpose of this analysis, we have assumed that the proposed Hotel would be open and available for occupancy by July 1, 2019, in line with the developer's construction timeline.

2. METHODOLOGY

Specifically, in conducting the study of the potential market demand, we:

- Visited the proposed site and assessed the impact of its accessibility, visibility, and location relative to demand generators;
- Researched and analyzed current economic and demographic trends to determine their impact on future lodging demand in the market;
- Researched the competitive lodging supply in San Francisco, with a particular focus on the hotels that would compete most directly with the proposed Subject;
- Reviewed the historical performance of the competitive lodging market;
- Estimated the anticipated growth in supply and demand for lodging accommodations in the local market area;
- Prepared a forecast of future performance for the competitive lodging market;
- Evaluated the project's development plan for appropriateness within the market based on projected demand growth in San Francisco and the city's lodging needs; and,
- Prepared a forecast of the projected market penetration and the resulting occupancy levels and average daily rates ("ADR") for the proposed Subject's first five years of operation.

Several sources were used in compiling the background information and preparing the analyses contained in this report. These sources include CBRE's *Trends® in the Hotel Industry*, data gathered through direct interviews with representatives of local businesses, data provided by sources in the lodging chains with which the competitive properties are affiliated, and data from various local government agencies.

B. SUMMARY OF FINDINGS

Based on the preceding work program, we have made a determination of the market viability for the proposed Hotel in San Francisco, California. Presented below is a summary of the historical and projected future performance of the greater San Francisco lodging market, followed by a more detailed projection of the primary sample of hotels deemed most competitive to the proposed Hotel. We have also presented the potential market performance of the Subject.

1. SAN FRANCISCO LODGING MARKET

A summary of historical and projected future performance for the San Francisco lodging market for years 2009 to 2020 is presented below. It should be noted that this table includes hotels in San Francisco, San Mateo, and Marin Counties (totaling approximately 51,700 rooms) and is generally referred to as the San Francisco MSA lodging market.

SAN FRANCISCO LODGING MARKET HISTORICAL AND PROJECTED PERFORMANCE					
Year	Market Occupancy	ADR	Percent Change	RevPAR	Percent Change
2009	71.2%	\$135.74	-	\$96.65	-
2010	75.1%	\$135.98	2.0%	\$102.12	7.6%
2011	79.0%	\$154.79	13.8%	\$122.24	19.7%
2012	80.3%	\$171.64	10.9%	\$137.76	12.7%
2013	82.7%	\$187.30	9.1%	\$154.99	12.5%
2014	84.0%	\$207.95	11.0%	\$174.70	12.7%
2015	84.3%	\$222.85	7.2%	\$187.87	7.6%
CAGR/Avg.	79.5%	8.6%	-	11.7%	-
2016	84.0%	\$232.29	4.2%	\$195.21	3.9%
2017	83.4%	\$233.58	0.6%	\$194.70	-0.3%
2018	83.4%	\$241.92	3.6%	\$201.69	3.6%
2019	83.6%	\$252.41	4.3%	\$211.07	4.6%
2020	82.9%	\$261.60	3.6%	\$216.96	2.8%
Source: CBRE Hotels, Consulting					

The San Francisco Bay Area is one of the strongest lodging markets in the United States. Occupancy has quickly rebounded from a low of 71.2 percent during the recession in 2009 to 84.3 percent by 2015, and has been approximately 20 percentage points above national averages for each of the past seven years. ADR has also been very strong; it increased by a CAGR of 8.6 percent between 2009 and 2015, significantly higher than the national average growth rate of approximately 3.0 percent over the same period. Based on performance data through the third quarter of 2016, ADR is projected to increase to \$232.29 through year-end 2016 or 4.2 percent over prior year levels. This is more than \$100 above the projected national average for 2016 of \$124.28. With strong occupancy and ADR growth, RevPAR growth rates have also been nearly double national averages over the past seven years. This high level of performance is attributed to the strength of the greater San Francisco Bay Area economy coupled

with the lack of new hotel supply additions, putting hotel rooms in extremely high demand (particularly in the City of San Francisco).

Due to the strength of the local lodging market, occupancy is projected to remain in the low- to mid-80 percent range over the next five years, with continual ADR growth.

2. COMPETITIVE LODGING MARKET

Presented in the following table is a summary of historical performance for the eight San Francisco hotels that comprise the proposed Subject's new competitive market from 2010 to 2015, as well as through year-to-date ("YTD") November 2016. We have also presented the market's projected performance between 2016 and 2024, coinciding with the proposed Subject's first five years of operation.

PROPOSED FAIRFIELD INN & SUITES HISTORICAL AND PROJECTED PERFORMANCE OF THE COMPETITIVE MARKET									
Year	Annual Supply	Percent Change	Occupied Rooms	Percent Change	Market Occupancy	ADR	Percent Change	RevPAR	Percent Change
2010	518,665	-	422,436	-	81.4%	\$128.95	-	\$105.03	-
2011	518,665	0.0%	417,903	-1.1%	80.6%	\$148.83	15.4%	\$119.92	14.2%
2012	518,665	0.0%	429,846	2.9%	82.9%	\$165.67	11.3%	\$137.30	14.5%
2013	517,840	-0.2%	431,035	0.3%	83.2%	\$184.51	11.4%	\$153.58	11.9%
2014	517,570	-0.1%	456,887	6.0%	88.3%	\$206.65	12.0%	\$182.42	18.8%
2015	564,444	9.1%	500,126	9.5%	88.6%	\$222.02	7.4%	\$196.72	7.8%
CAGR/AVG	1.7%	-	3.4%	-	84.2%	11.5%	-	13.4%	-
YTD Nov '15	509,946	-	455,777	-	89.4%	\$226.95	-	\$202.84	-
YTD Nov '16	606,878	19.0%	541,762	18.9%	89.3%	\$238.33	5.0%	\$212.76	4.9%
2016	663,205	17.5%	590,000	18.0%	89%	\$233.00	4.9%	\$207.28	5.4%
2017	663,205	0.0%	583,600	-1.1%	88%	\$234.00	0.4%	\$205.91	-0.7%
2018	691,310	4.2%	594,500	1.9%	86%	\$241.00	3.0%	\$207.25	0.6%
2019	765,405	10.7%	650,600	9.4%	85%	\$251.00	4.1%	\$213.35	2.9%
2020	783,655	2.4%	666,100	2.4%	85%	\$259.00	3.2%	\$220.15	3.2%
2021	783,655	0.0%	666,100	0.0%	85%	\$267.00	3.1%	\$226.95	3.1%
2022	783,655	0.0%	666,100	0.0%	85%	\$275.00	3.0%	\$233.75	3.0%
2023	783,655	0.0%	666,100	0.0%	85%	\$283.00	2.9%	\$240.55	2.9%
2024	783,655	0.0%	666,100	0.0%	85%	\$291.00	2.8%	\$247.35	2.8%
CAGR	2.1%	-	1.5%	-	-	2.8%	-	2.2%	-

Note: Assumes opening of the 230-room Hyatt Place in September of 2018 and the 100-room Subject in July of 2019
Source: CBRE Hotels, Consulting and STR, Inc.

As shown, the competitive market has achieved occupancy levels in the 80-percent range since 2010, near MSA averages. ADR has increased by a CAGR of 11.5 percent, also in line with MSA averages between 2010 and 2015. Through year-end 2015, ADR for the competitive market was \$222 as compared to the \$223 ADR achieved by the San Francisco MSA.

The performance of the hotels comprising the proposed Subject's direct competitive market is amongst the strongest in the nation, surpassing both national and regional trends by a significant margin. We are of the opinion that the addition of the proposed Hotel, which only represents a net addition of 60 rooms to the existing City of San Francisco hotel supply, will not have any material impact on the overall market's performance; in fact, the City of San Francisco is vastly

under-served with regard to hotel supply and generates a significant amount of unsatisfied demand that is displaced to other markets throughout the Bay Area such as the SFO market and Oakland/Emeryville market. As such, we project the market to achieve a very high stabilized occupancy of 85 percent beginning in 2019. While this occupancy is lower than levels experienced in recent years, we are of the opinion that this occupancy is more reasonable, given the long-term average occupancy for this competitive market. More modest ADR growth is projected for this market going forward.

3. SUBJECT

Finally, we have presented our projections of future performance for the proposed 100-room Subject. We have assumed that the Subject will be open as of July 1, 2019, and will represent an upper midscale, Fairfield Inn & Suites hotel affiliated with Marriott International, Inc.

PROPOSED FAIRFIELD INN & SUITES PROJECTED PERFORMANCE					
Year	Hypothetical ADR	Market Growth	Occupancy	RevPAR	Percent Change
2016	\$245.00	-	-	-	-
2017	\$246.00	0.5%	-	-	-
2018	\$253.00	3.0%	-	-	-
2019	\$263.00	4.0%	80%	\$210.40	-
2020	\$271.00	3.0%	85%	\$230.35	9.5%
2021	\$279.00	3.0%	85%	\$237.15	3.0%
2022	\$287.00	3.0%	85%	\$243.95	2.9%
2023	\$296.00	3.0%	85%	\$251.60	3.1%
Source: CBRE Hotels, Consulting					

If the Hotel were open as of year-end 2016, we believe that it could have achieved an ADR of approximately \$245 based upon the performance of other nationally-affiliated upper midscale and upscale hotels of similar quality in the City of San Francisco. Applying the same growth rates for the competitive market, we project an ADR of \$263 upon opening in July of 2019. We expect the proposed Subject to achieve a stabilized occupancy of 85 percent, in line with stabilized levels projected for the competitive market. With this occupancy, the Hotel will be operating at functional capacity year-round.

As noted, the proposed Fairfield Inn & Suites is assumed to open on July 1, 2019. Accordingly, we must convert the calendar year forecast into fiscal year periods. To accomplish this for the fiscal year 2019/2020, we have taken a weighted average of six months of the calendar year 2019 and six months of the calendar year 2020 to derive the fiscal year projection. We have then performed this analysis for each subsequent fiscal year. In doing so, it is our calculation that for the first fiscal year, the proposed Subject will achieve an ADR of \$267 with a corresponding occupancy of 83 percent. We project a long-term stabilized occupancy of 85 percent beginning in 2020/21.

PROPOSED FAIRFIELD INN & SUITES PROJECTED PERFORMANCE							
Calendar Year Projections				Fiscal Year Conversion			
Year	Occupancy	ADR	Percent Change	Fiscal Year	Occupancy	ADR	Percent Change
2019	80.0%	\$263.00	-	2019/20	83.0%	\$267.00	-
2020	85.0%	\$271.00	3%	2020/21	85.0%	\$275.00	3%
2021	85.0%	\$279.00	3%	2021/22	85.0%	\$283.00	3%
2022	85.0%	\$287.00	3%	2022/23	85.0%	\$292.00	3%
2023	85.0%	\$296.00	3%	2023/24	85.0%	\$301.00	3%
2024	85.0%	\$305.00	3%	2024/25	85.0%	\$310.00	3%
2025	85.0%	\$314.00	3%	2025/26	85.0%	\$319.00	3%
2026	85.0%	\$323.00	3%	2026/27	85.0%	\$328.00	3%
2027	85.0%	\$333.00	3%	2027/28	85.0%	\$338.00	3%
2028	85.0%	\$343.00	3%	2028/29	85.0%	\$348.00	3%

Note: Average daily rates rounded to the whole dollar

Source: CBRE Hotels, Consulting

C. SITE AND PROJECT DESCRIPTION

1. SITE DESCRIPTION

The site, which encompasses 0.37 acres (16,038 square feet), is located on the south side of Union Street between Franklin Street and Van Ness Avenue within the Civic Center/Van Ness Corridor. The physical address of the site is 1555 Union Street. The existing improvements at this location consist of the 40-room Pacific Heights Inn, an exterior-corridor, independent motel that opened in 1958. We understand that the existing motel will be razed to make way for the proposed Hotel.

The Subject site is located a half block west of the highly trafficked Van Ness Avenue. Van Ness Avenue is a major north-south thoroughfare that runs through the City of San Francisco, connecting Market Street near the Civic Center to the south with Bay Street at Fort Mason to the north. South Van Ness Avenue is the portion of the Van Ness south of Market Street, continuing through the city's South of Market (SoMa) and Mission districts to end at Cesar Chavez Street. The route is designated U.S. 101 from the Central Freeway at the convergence of South Van Ness, Howard Street, and 13th Street, north to Lombard Street.

Within the Civic Center/Van Ness Corridor, the Subject site is located within the neighborhood of Pacific Heights, north of the Marina District. Surrounding uses consist of residential and low-rise commercial buildings, including restaurants, bars, and a variety of retail establishments. The entrance of the Golden Gate Bridge is located approximately three miles west, the eastern entrance of the Presidio National Park is located approximately two miles west, Fisherman's Wharf is located approximately one mile north, Union Square is located approximately two miles southeast, and the Financial District is located approximately two miles east.

A photograph of the site as it exists today is presented below.

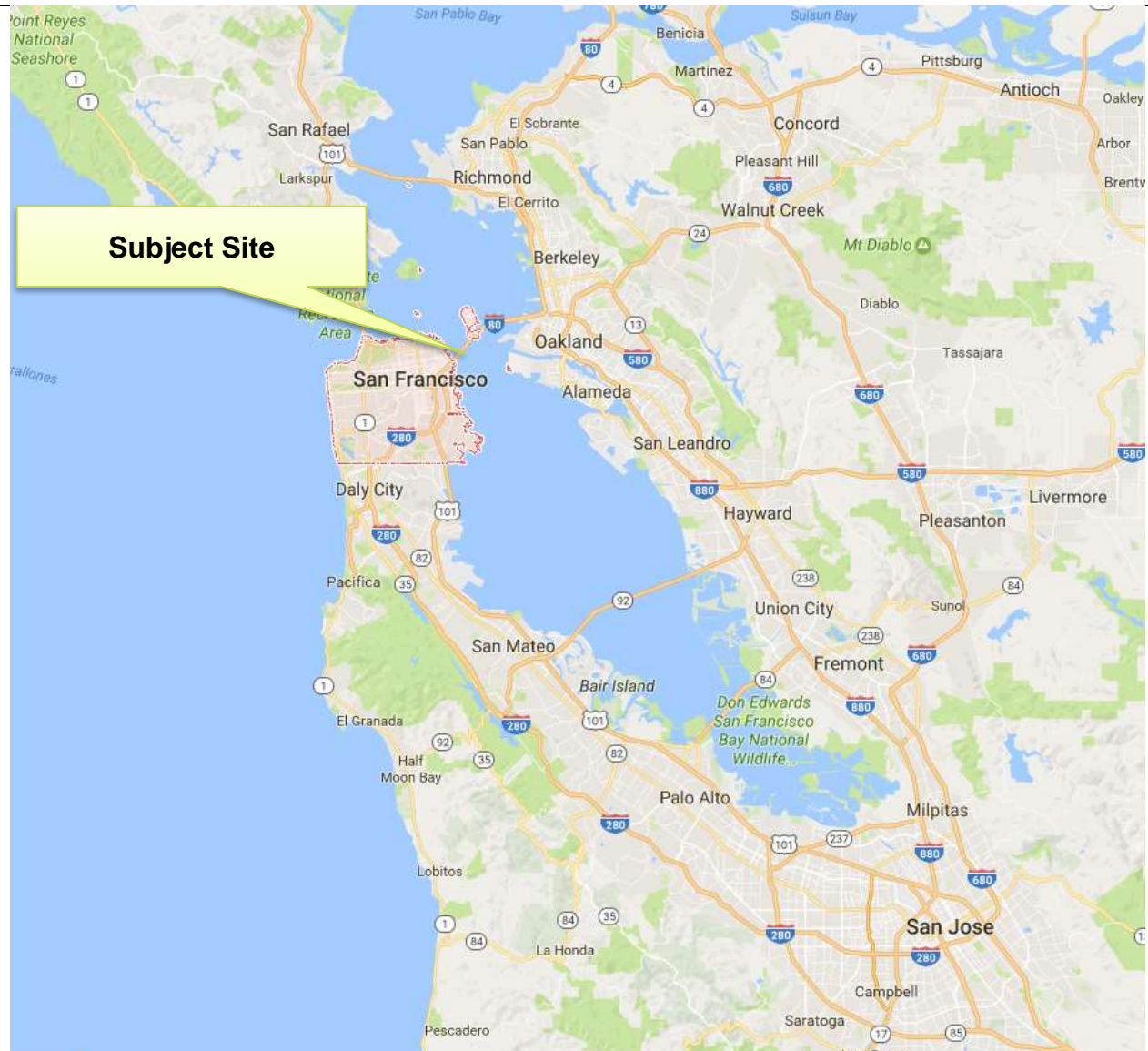
PHOTOGRAPH OF THE SITE



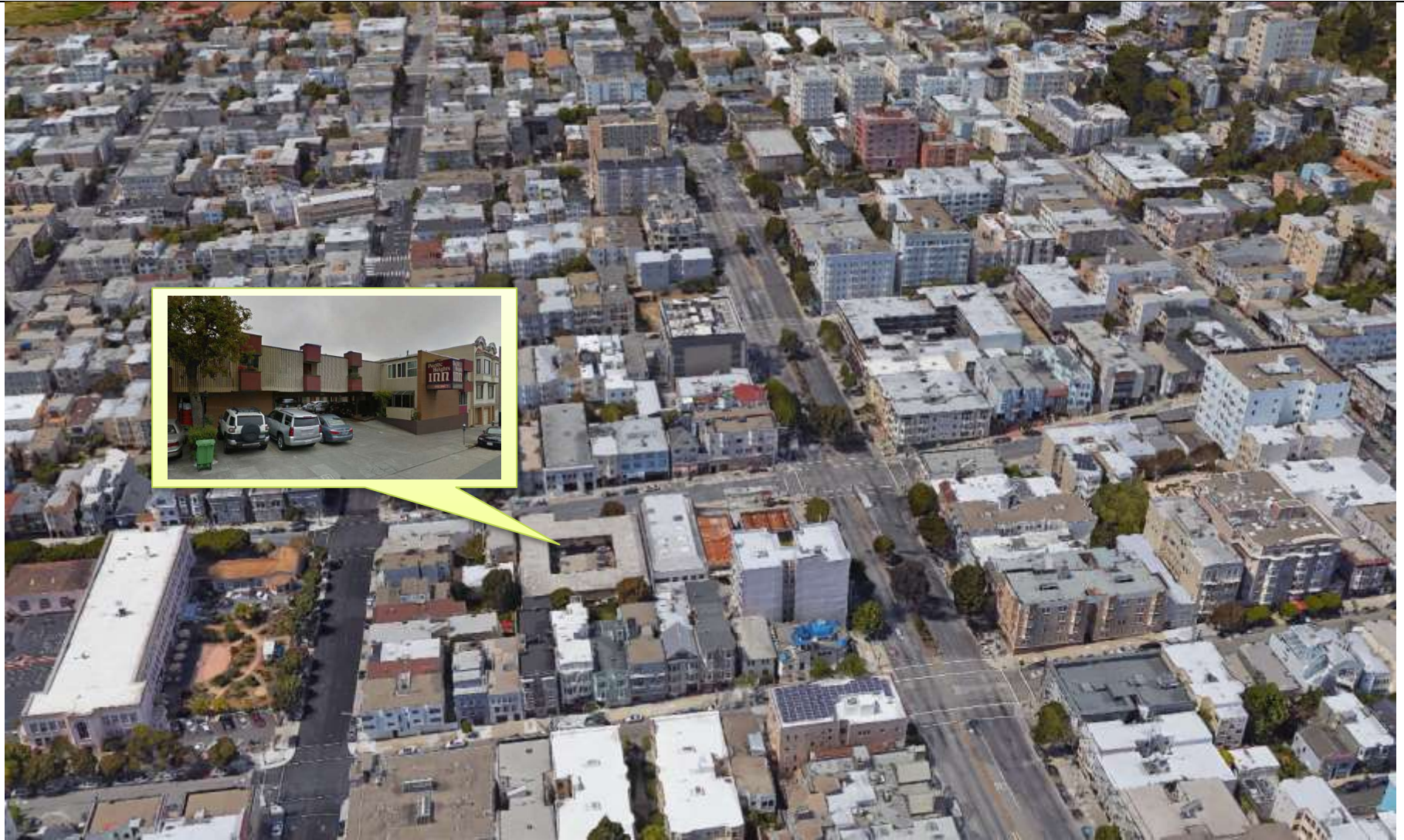
View of the Site Facing Southwest

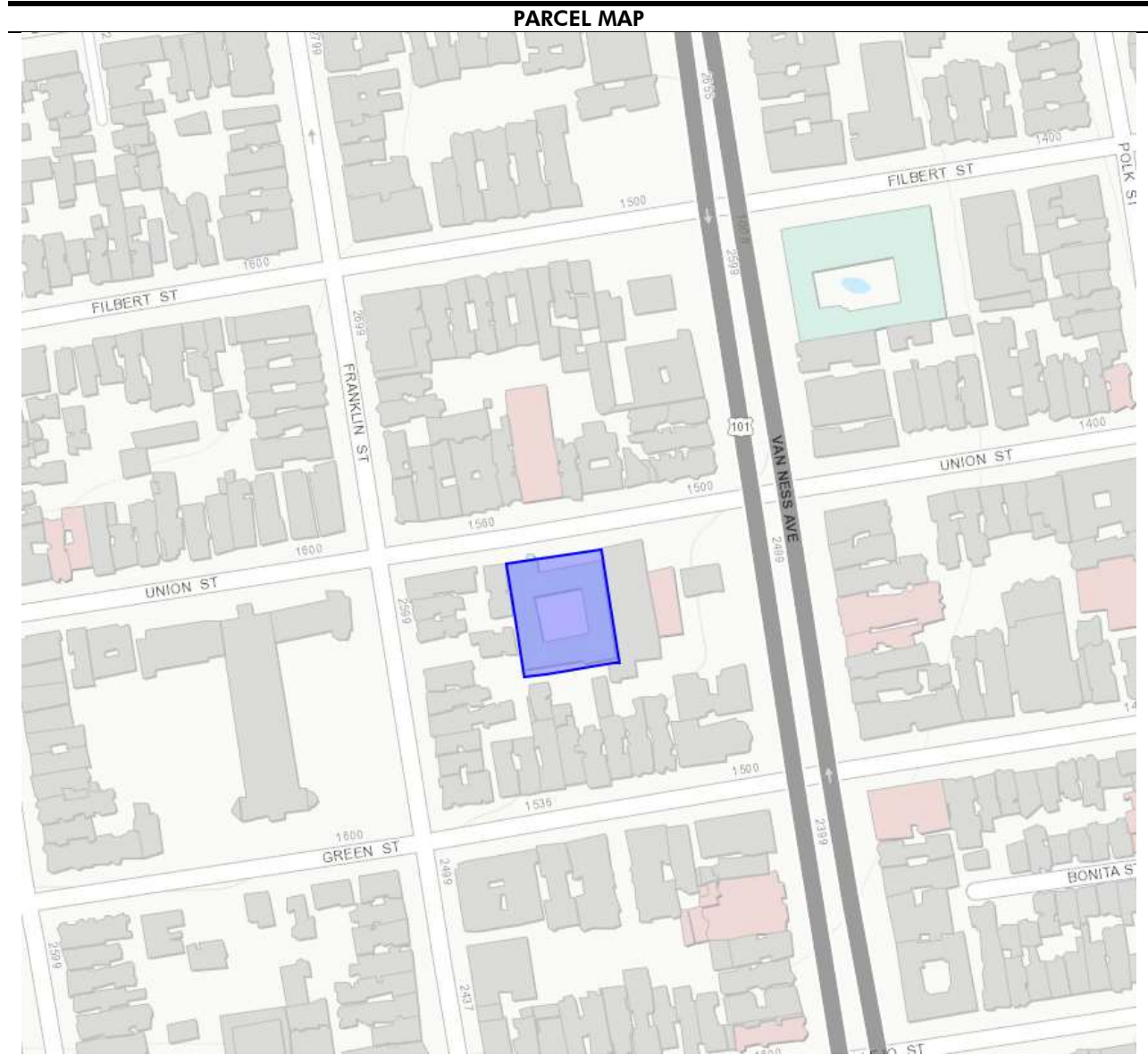
A regional map, neighborhood map, and parcel map, all indicating the location of the Subject site, are presented below.

REGIONAL MAP



NEIGHBORHOOD MAP





Overall, the location of the site is ranked “excellent,” as outlined below.

SUBJECT SITE ANALYSIS					
	Excellent	Very Good	Good	Fair	Poor
Accessibility	X				
Visibility	X				
Proximity to Demand	X				
Long-term Strategic Potential	X				

2. PROPOSED PROJECT DESCRIPTION

As stated, the Subject site is currently improved with a 40-room, exterior-corridor motel that was built in 1958, nearly 60 years ago. The motel, which is deemed to be functionally obsolete, does not maximize the density of the site as it features surface parking within a courtyard at the center of the motel. Upon completion of the redevelopment, the proposed Hotel will represent a higher

and better hospitality use and will be designed to take full advantage of the site with underground parking.

As we understand it, the proposed Subject will represent an upper midscale, focus-service Fairfield Inn & Suites hotel affiliated with Marriott International, Inc. ("Marriott"). The Fairfield Inn brand, introduced in 1987, has become a leader in the moderate category by providing busy travelers with a stress-free stay at a great value. The Fairfield Inn & Suites brand is the moderate price tier and is designed to provide both business and leisure travelers with uncomplicated and productive travel. There are 821 Fairfield Inn & Suites hotels in the world (75,999 hotel rooms), with 360 units in the pipeline (37,803 hotel rooms). These properties are located within the U.S, Canada, Mexico, and India, including urban locations such as New York City, Chicago, Baltimore and Washington D.C.

We understand the proposed Subject will consist of 37,169 gross square feet, made up of 100 hotel rooms, a breakfast service and evening lounge where a daily complimentary breakfast will be served, a workout facility, and a basement level for parking featuring 35 parking spaces. The Hotel would represent a four-story structure with underground parking. Guests would enter the property via Union Street with access to the underground parking. Renderings of the Hotel upon completion are presented below.

RENDERING



Union Street, Looking From Franklin Street

RENDERING



Union Street, Looking From Van Ness Avenue

The main entrance to the Hotel would be located on Union Street and would open up to the lobby and registration desk, as shown below. The breakfast service and evening lounge would also be located on the ground floor, as well as 22 of the Hotel's 100 guestrooms. The remaining 78 guestrooms will be located on floors two through four (26 guestrooms on each level). The ground floor will feature 19 standard king guestrooms and three king suites. Floors two, three and four will all feature 13 standard double queen guestrooms, 11 standard king guestrooms, and two king suites. Double queen guestrooms will range in size between 285 and 339 square feet; king guestrooms will range in size between 276 and 305 square feet; and king suites will range in size between 336 and 362 square feet. Back-of-the-house facilities and the fitness center will be located on the basement level of the Hotel.

D. AREA REVIEW

The market and financial performance of a hotel are often influenced by factors that can be broadly categorized as economic, governmental, social, and environmental. It is therefore necessary to evaluate the dynamics of these factors within the local and primary feeder markets to understand their effect on the performance of a lodging property. In this section, we have presented a brief overview of the state of the national and local economies.

1. NATIONAL OVERVIEW

The U.S. economy showed renewed signs of vigor and pep in Q3 2016. According to the Bureau of Economy Analysis, the real gross domestic product grew at an annual rate of 2.9 percent, more than twice the rate of the second quarter, which was 1.4 percent. All four categories of expenditure contributed to the growth of GDP in the third quarter with consumption, predominantly of services and durable goods, contributing 1.47 percent and investment, led by a build-up of inventories, contributing 0.52 percent to GDP growth. Government expenditures increased GDP growth slightly even as state and local spending shrank, while Q3 2016 marked the third consecutive quarter that the U.S. was a net exporter, contributing 0.83 percent to GDP growth. This current account surplus occurred even as a real dollar trade-weighted broad index strengthened at an annual rate of 3.4 percent over the course of the quarter.

The national unemployment rate held steady at 4.9 percent and the number of total non-farm employees is projected to have increased by 620,000 in Q3 2016, according to the Bureau of Labor Statistics (BLS). Consumer prices increased year-over-year at an average of 1.1 percent in Q3, and although there recently have been concerns over wage pressure, weekly earnings growth did not meaningfully exceed the rate of inflation, according to the BLS.

CBRE's outlook is that ten-year treasury rates should remain below 2.0 percent for 2017, dipping to about 1.5 percent by the year end. Inflation is forecast to increase slightly, to around 2.0 percent, as the economy slows next year.

2. STATE OF CALIFORNIA

As the state's economy has recovered from the Great Recession, the past four budgets have significantly expanded government spending. The state has also paid down its budgetary borrowing and addressed some long-standing problems – such as implementing plans to restore fiscal health to its retirement benefit plans and making major improvements to the state's water system.

State revenues, which had surged several years of the recovery, are now beginning to lag expectations. Consequently, the budget - which remained precariously balanced even in the strongest revenue years – now faces a deficit of almost \$2 billion if action is not taken.

The Budget proposes a variety of solutions to bring the state's finances back into balance from 2017-18 and future years based on current projections. The Budget prioritizes the protection of the most significant accomplishments of the past four years – steady growth for education, the creation of the state's first earned income tax credit, a minimum wage that will responsibly increase to \$15 per hour, and the expansion of health care coverage to millions of Californians. To protect these priorities, the Budget proposed to pull back on a variety of one-time spending commitments made in last year's budget and temper anticipated spending increases.

While rebalancing the budget is the immediate task at hand, the state must continue to plan and save for the next recession. By the time the budget is enacted in June, the economy will have finished its eighth year of expansion, three years longer than the average recovery. The best way to protect against future cuts is to continue to build up the state's Rainy Day Fund. Under Proposition 2, the fund's balance will reach 63 percent of its constitutional target in the coming year.

The Budget also assumes the continuation of existing federal fiscal policy. The incoming presidential administration and leaders in Congress have suggested major changes to Medicaid, trade and immigration policy, and the federal tax structure. Many of the proposed changes could have serious and detrimental effects on the state's economy and budget. At this point, it is not clear what those changes will be or when they will take effect.

Proposition 2 establishes a constitutional goal of having 10.0 percent of tax revenues in the Rainy Day Fund. By the end of 2017-18, the state's Rainy Day Fund will have a total balance of \$7.9 billion (63 percent of the constitutional target). While a Rainy Day Fund might not eliminate the need for further spending reductions in case of a recession or major federal policy changes that trigger a budget crisis, saving now would allow the state to spend from its Rainy Day Fund later to soften the magnitude and length of any necessary cuts.

3. CITY AND COUNTY OF SAN FRANCISCO

Overview: San Francisco is the focal point of the Bay Area and a major West Coast financial, retail, and transportation center, with an economy driven primarily by technology and tourism. Although the city was negatively impacted by the economic downturn, it has been quick to rebound. A knowledge-based economy, coupled with numerous developments within the city, will continue to support economic growth in the region.

Population: According to the U.S. Census Bureau, San Francisco had a population of approximately 866,583 as of January 2016. The population has grown at a compound annual growth rate ("CAGR") of 1.2 percent since 2010, slightly above the statewide growth rate of 0.9 percent over the same period due primarily to the city's rapid economic growth following the recent recession. Going forward, San Francisco's population is projected to trail that of the state for the next decade as residents relocate to more affordable areas in surrounding Bay Area cities.

Employment: According to the State of California Employment Development Department, San Francisco has an employment base of 565,800 as of September 2016. Major sectors within the city include professional and business services; trade, transportation, and utilities; government; and leisure and hospitality. However, San Francisco (and the entire Bay Area) is primarily known for its high-tech presence. The city has an estimated 60,000 tech employees overall, with approximately 38,000 employed within 75 major companies. A listing of the city's top ten tech employers as of 2015 is presented in the following table.

SAN FRANCISCO – TOP TECH COMPANIES	
Company	San Francisco Employees
Salesforce.com, Inc.	5,000
Twitter, Inc.	2,000
Google	1,500
Lucasfilm Ltd.	1,500
Zynga	1,200
Yelp Inc.	1,162
Adobe Systems, Inc.	1,010
Autodesk Inc.	1,007
LinkedIn	1,000
Square Inc.	900

As with the rest of the nation, San Francisco's unemployment rate has fluctuated greatly over the past two decades, with peaks in the early 1990s, early 2000s, and late 2000s. During the recent economic recession, the city reported an annual unemployment rate of 9.4 percent in 2009 and 9.5 percent in 2010, with the latter representing San Francisco's highest unemployment rate of the past 20 years. This rate has dropped considerably in the years since, and was reported to be 3.3 percent as of January 2016, lower than the national rate of 4.9 percent and the statewide rate of 5.8 percent that same month due to the city's highly-trained workforce and concentration of high-growth technology companies.

Commercial Office Market: According to CBRE, Inc., the downtown San Francisco commercial office market consists of approximately 76.9 million square feet of net rentable area. The office market can be generally categorized into ten sectors, which consist of: 1) Financial District, 2) South Financial District, 3) North Waterfront & Jackson Square, 4) South of Market, 5) Yerba Buena, 6) South of Market West, 7) Mission Bay/China Basin, 8) Potrero Hill, 9) Civic Center & Van Ness, and 10) Union Square. The Subject is located in the Civic Center & Van Ness sector.

For the third consecutive quarter, average asking rents were essentially unchanged as increased vacancy levels and competitive sublease space offerings changed market dynamics to bring greater balance between landlords and tenants. Leasing activity dipped this quarter as a result of fewer large deals and is more concentrated in cost effective sublease space that represented 30 percent of the 5.8 million square feet leased year-to-date. Net absorption reached 1.0 million square feet year-to-date, but was negligible this quarter as large move outs offset occupancy gains from completed construction.

Lease rates are plateauing due to more competitive market conditions. While average asking rates were essentially unchanged at \$72.76 in Q3 2016, increased concessions such as higher tenant improvement allowances, free rent, and more flexible lease start dates have resulted in lower effective rents and occupancy costs for the highest quality and most credit worthy tenants. As tenants seek to reduce total occupancy costs, sublease space meeting these requirements and having shorter lease durations have become viable.

Net absorption was negligible during the quarter as several large move outs neutralized the 400,000 square feet of newly occupied space at the recently completed 375 Beale St. Year-to-date net absorption reached 1.0 million square feet and surpassed 2015's total of 916,000 square feet. Several large leases are expected during the fourth quarter, which should result in a rebound in net absorption and leasing activity.

New supply additions and tenant downsizing contributed to the increase in vacancy and availability rates with the total vacancy rising 60 bps quarter-over-quarter to 6.9 percent. Available sublease space has begun to trend lower as a result of increased demand for more cost effective options with shorter lease durations. These subleases resulted in 1.7 million square feet of leasing activity thus far in 2016, an all-time high.

Six fully leased office buildings completed so far this year added 1.9 million square feet of occupancy to the market. The largest completion was 375 Beale St. which occurred this quarter. There is currently 4.5 million square feet under construction which is expected to deliver by 2018, including 1455/1515 3rd St. that broke ground this quarter. As of the end of Q3 2016, 40 percent of projects under construction are pre-leased.

Convention Center: San Francisco is home to the Moscone Convention Center, which is responsible for an estimated 21 percent of all tourism to San Francisco. The Center features three wings: Moscone North, South, and West. Moscone North offers 181,440 square feet of exhibit space in two halls and up to 53,410 square feet of flexible meeting space in 17 rooms. Moscone South offers 260,560 square feet of exhibit space, divisible into three halls, along with 60,580 square feet of meeting space within 41 flexible meeting rooms. The newest addition to the center, known as Moscone West, opened in June of 2003, and provides an additional 300,000 square feet of flexible exhibit and meeting space. Combined, the Center offers over 740,000 square feet of exhibit space, up to 106 meeting rooms, and as many as four ballrooms.

However, the city believes that this is insufficient to support local convention demand, and the San Francisco Travel Association estimates that the City will have lost nearly \$2.1 billion in meeting revenue between 2010 and 2019 as a result of space limitations. Thus, the Center is undertaking a \$500 million project to construct 515,000 square feet of contiguous exhibition space. The project will also include the construction of two new pedestrian bridges connecting the upper levels of Moscone North and Moscone South, as well as an upgrade to the existing pedestrian bridge across Howard Street. Phase 0 of three phases began in December 2014 and includes all behind-the-scenes work in preparing for construction of the expansion. The actual

ground-breaking of the project began in May of 2015, and is expected to be complete by the summer of 2018.

Based on recent discussions with representatives of the San Francisco Travel Association, we understand that in order to complete the expansion on time, the conference dates for several groups scheduled at Moscone have been moved between the dates of April and July of 2017, resulting in some cancellations. This rescheduling was for those meetings being held in Moscone North and South only. Moscone will experience significant closures during this time. In total, approximately 490,000 room nights have been cancelled in San Francisco as a result of this closure, and the majority of cancellations have occurred in 2017. Despite these cancellations, occupancy for the San Francisco hotel market is projected to remain strong given significant demand for hotel room nights in the city as well as the hotel market's ability to flex self-contained room nights.

Tourism: San Francisco is a world-class tourist destination and is widely appreciated for its numerous attractions, picturesque scenery, and diverse culture. It is consistently ranked as one of the top ten best cities to visit by the *Condé Nast Traveler's* Readers' Choice Awards, and has received a variety of additional accolades from other national and international publications.

San Francisco hosted approximately 24.6 million visitors in 2015, an increase of 2.7 percent from 2014. These visitors brought \$9.3 billion in spending to San Francisco. The number of jobs supported by tourism rose one percent to 76,520 jobs in 2015, with an annual payroll of \$2.3 billion. The tourism industry generated \$738 million in taxes and fees for the City of San Francisco, up 12.8 percent from the previous year. Due to a high volume of visitation, the city's hotel rooms achieve one of the highest annual occupancy levels in the nation.

City Development: San Francisco continues to be involved in various medium- to large-scale development projects that will revive some underused areas and improve other already-popular districts of the city, such as the Embarcadero and Mission Bay. These projects are discussed further in the following paragraphs.

The continuous development of The Embarcadero, San Francisco's waterfront area between Mission Bay and Fisherman's Wharf, is part of a master plan known as the Waterfront Land Use Plan of 1997. This mixed-use plan emphasizes opening up the bay to residents and tourists and promoting the development of abandoned piers and buildings into more attractive uses. Between 1997 and 2014, 63 new acres of waterfront open space have been constructed, 19 historical resources have been rehabilitated, seven derelict piers and wharves have been removed, and AT&T Park has been constructed. The Ferry Building, a San Francisco landmark, is the most visual of the numerous Embarcadero developments. After a comprehensive renovation and restoration in 2003, the Ferry Building now houses numerous restaurants, shops, and a popular farmers' market. Additional restaurants and retail outlets along Steuart Street (which runs parallel to the waterfront) and on the first and second floors of the Embarcadero Center have made this area a destination on evenings and weekends.

Current projects in the planning stages for the Embarcadero include the following:

- Construction of an affordable housing development and a new welcome center for the National Park Service at Alcatraz Landing;
- The re-purposing of Pier 29 to potentially include new retail facilities;
- Construction of a \$345 million residential and commercial development at 8 Washington Street;
- The repairing of the Pier 38 bulkhead;
- A redevelopment of Pier 48 to include a new brewery for Anchor Steam, a waterfront park, and 3.6 million square feet of retail, light manufacturing, commercial, and residential uses;
- Construction of the nine-acre Crane Cove waterfront park at Pier 70;
- Redevelopment of a 28-acre site at Pier 70, to potentially include the construction of 950 residential units; 2.6 million square feet of office, retail, and commercial uses; rehabilitation of four historic buildings; seven acres of open space; and parking structures;
- The construction of an automobile import/export terminal at Pier 80; and,
- Development of cargo terminal at Pier 90 to facilitate the export of iron ore mining products.

Mission Bay, a 303-acre redevelopment area located just north of AT&T Park, is the city's largest raw land development project and is being promoted as the future headquarters to the world's biotechnology industry. When fully complete, the project could potentially include 6,000 housing units (including 1,700 designated affordable units), 4.4 million square feet of commercial space, a 2.65 million square foot UCSF research campus, a UCSF hospital complex (which opened its first phase in February), 500,000 square feet of retail space, a 500-room hotel, 41 acres of open space, a 500-student public school, a public library, a new fire and police station, and other community facilities. Mission Bay is expected to create more than 30,000 new jobs. Development began in 2000 and will take place over 20 to 30 years, and is expected to cost in excess of \$4 billion.

The ongoing development of Mission Bay has led to the revitalization of the nearby Rincon Hill and Dogpatch neighborhoods. A 49-story, 298-unit residential development at One Rincon Hill opened in 2014 as a companion to an existing 64-story, 390-unit tower. In addition, over 1,500 housing units are proposed or under construction in the Dogpatch area.

The Golden State Warriors basketball team has plans to relocate from Oakland to San Francisco, and hopes to begin construction soon on a privately-funded \$800 million arena. This arena would be built in Mission Bay on a 12-acre site bounded by South Street, Terry Francois

Boulevard, 16th Street, and 3rd Street. The 18,000 seat structure would include a view deck and two public plazas, and would also host conventions and entertainment events. Completion is slated for the start of the 2018-19 NBA season.

Redevelopment of the Transbay Terminal in San Francisco's SoMa neighborhood began in December 2008. This \$4.5 billion transportation and housing project will replace the current Transbay Terminal at First and Mission Streets with a modern regional transit hub connecting eight Bay Area counties through 11 transit systems. The project will consist of three elements: replacing the existing terminal; extending CalTrain and the California High Speed Rail underground; and creating a new neighborhood with homes, offices, parks, and shops surrounding the new Transit Center. The center could potentially include the construction of over six million square feet of new office space, 4,400 units of new housing (1,200 of which will be affordable), 100,000 square feet of new retail, 1,000 new hotel rooms, a 1,070-foot Salesforce Tower, and 11 acres of public parks. Once completed, the new Transit Center will accommodate over 100,000 passengers each weekday and up to 45 million people per year. Construction is scheduled to be complete by the fall of 2017.

Treasure Island, a former naval base, is currently in the early planning stages of conversion to civilian use and incorporation into the jurisdiction of San Francisco. Current plans for the \$1.5 billion project call for the development of approximately 8,000 residential units, 235,000 square feet of retail space, up to 500 hotel rooms, a marina, and a ferry terminal. Additional developments may include an organic farm, wind farm, parkland, and tidal marshes. While the project has been mired in lawsuits, we understand that the project is proceeding though the private developers still need approval for each sub-phase of the project.

San Francisco has long been known for its art and culture and is the home to a diverse selection of museums, many of which have undergone expansions or renovations in recent years. Notably is the San Francisco Museum of Modern Art ("SFMOMA"), which closed in June 2013 and reopened in May 2016. The extensive renovation and expansion of this museum tripled the amount of its gallery space.

The Hunters Point Shipyard, a former naval base, is a master-planned community of approximately 500 acres. A two-phase development program is planned for the area: Phase I will include the construction of 1,600 homes (27 to 40 of which will be affordable) and 26 acres of open space. Phase II provides for an additional 10,500 new housing units (32 percent of which will be affordable) and over three million square feet of research and development uses centered around green and clean technology uses. Phase I and II will generate hundreds of new construction jobs each year, and ultimately will create over 10,000 permanent jobs. The redevelopment project is projected to take seven years and \$15 billion to complete.

One of the fastest-growing neighborhoods in San Francisco is Mid-Market, which generally refers to the area bordered by Market, 5th, Mission, and 9th Streets. Approximately 35 projects are

currently in varying stages of development in and around this fast-growing area, including multi-family residential, retail, office developments, and several boutique hotels.

Transportation: San Francisco has a well-developed transportation system with sophisticated air, highway, rail, trucking, and water infrastructure. Each is discussed in the paragraphs below.

The San Francisco International Airport (“SFO”) is located approximately 15 miles south of San Francisco between the cities of South San Francisco and Millbrae. Passenger volume has increased steadily since 2004, aided by the expansion of services by Southwest Airlines and Virgin America in 2008. Overall, passenger traffic has increased at a CAGR of 1.5 percent since 1995, with 2014 representing the strongest year in terms of passenger counts. That year, SFO served 47,155,100 inbound and outbound passengers. Through year-to-date November 2016, passenger volume increased 6.2 percent over prior year levels, indicating that the 2016 calendar will set a new record for passenger volume at SFO.

A \$383 million renovation of Terminal 2 was completed in April 2011 that included a new control tower, the use of green materials, and a seismic retrofit. The newly-renovated terminal features permanent art installations from Janet Echelman, Kendall Buster, Norie Sato, Charles Sowers, and Walter Kitundu. Terminal 2 set accolades by being the first U.S. airport to achieve LEED Gold status. It is home to Virgin America and American Airlines, who share the 14-gate common-use facility. Additional airports that service the San Francisco Bay Area include the Oakland International Airport approximately ten miles east, and the San Jose International Airport approximately 40 miles south.

The major highways in and out of the city include Interstates 80 and 280 and Highways 1 and 101. Interstate 80 connects with the Bay Bridge and Oakland, and Highway 101 connects with the Golden Gate Bridge and Marin County. As stated, the Subject site is located one half block west of Highway 101 (Van Ness Avenue). Bay Area Rapid Transit (“BART”), a high-speed rail system, is a major commuter transportation system that links 43 stations in the Counties of Alameda, Contra Costa, San Mateo, and San Francisco. BART has had a tremendous impact on the Bay Area, transporting approximately 127 million passengers annually and, thus, facilitating the region’s commercial and residential growth. The CalTrain system provides commuter rail service to Peninsula cities from San Francisco to Gilroy, and the MUNI light rail and bus systems facilitate transportation throughout the city.

Conclusion: While San Francisco was negatively impacted by the latest recession of 2008 and 2009, the City has rebounded quickly due to its economic diversity and knowledge-based employment. Furthermore, San Francisco’s tourism industry is projected to remain healthy given its world-renowned reputation, ongoing improvements, and easy accessibility. As such, we are of the opinion that local demographic and economic conditions will continue to facilitate demand for the San Francisco hotel market.

E. HOTEL MARKET ANALYSIS

1. NATIONAL MARKET OVERVIEW

The research division of CBRE Hotels (formerly PKF Hospitality Research) owns the database for *Trends® in the Hotel Industry*, the statistical review of U.S. hotel operations, which first appeared in 1935 and has been published every year since. Beginning in 2007, the powerful *Hotel Horizons®* was unveiled. *Hotel Horizons®* is an economics-based hotel forecasting model that projects five years of supply, demand, occupancy, ADR, and revenue per available room ("RevPAR") for the U.S. lodging industry with a high degree of accuracy. *Hotel Horizons®* reports are published on a quarterly basis for 60 markets and six national chain-scales.

Based on the *December 2016 – February 2017 National Edition of Hotel Horizons®*, revenue per available room for the U.S. lodging market grew by 8.1 percent in 2011, 6.7 percent in 2012, 5.2 percent in 2013, 8.2 percent in 2014, and 6.2 percent in 2015. As a point of comparison, RevPAR declined by 16.7 percent in 2009, the largest percentage decline since CBRE Hotels/PKF Hospitality Research began tracking lodging performance in 1935. This significant drop was a direct result of the severe national and global recession which began in the fall of 2007 and lasted well into 2009. For the following three years (2016, 2017, and 2018), the overall U.S. lodging market is projected to achieve RevPAR growth rates of 3.2 percent, 2.9 percent, and 2.8 percent, respectively, with ADR gains leading these increases. However, it should be noted that these RevPAR growth rates are below the growth experienced over the last five years as the national lodging recovery cycle is nearing an end as supply growth is beginning to have a negative impact on occupancy and subsequently ADR growth.

2. SAN FRANCISCO OVERVIEW

Of the total 33,982 hotel rooms in San Francisco recorded by the San Francisco Convention and Visitors Bureau, we have categorized hotels totaling 25,191 available rooms as representing the city's primary hotel supply as of year-end 2015. The remaining 8,791 rooms (33,982 – 25,191 = 8,791) consist of small, limited-service motels and "residential" hotels. The primary hotel supply can generally be categorized into five lodging products or classifications: luxury, first-class/convention, boutique, middle-market, and limited-service. These hotels are generally located within five primary lodging sectors: Union Square/Moscone, Nob Hill, the Financial District, Fisherman's Wharf, and Civic Center/Van Ness Corridor. While these are distinct areas with their own supply and demand dynamics, there is often some market area overlap.

Luxury Hotels provide extensive and personalized services along with high-quality furnishings, superior food and beverage facilities, and extensive, varied guest amenities. The emphasis on personalized guest services results in a high employee-to-guest ratio, an intimate atmosphere, and high room rates. These properties provide meeting and banquet space; however, the emphasis is on catering to small meetings of less price-sensitive, top-level professionals and executives.

Large First-Class/Convention Hotels have guest services, amenities, and product quality designed to appeal to middle and high-income convention and individual travelers. These are medium to large properties which offer high quality but less personalized service than luxury hotels. First-class hotels usually offer a variety of food and beverage facilities at varying price ranges. In San Francisco, they are located near the Moscone Convention Center, Financial District, or various tourist attractions. Meeting facilities are provided to accommodate the group and convention segment needs. Many first-class hotels provide designated floors with special services for the upscale executive traveler. Generally, these hotels are newer or well-maintained older properties. Room rates typically fall between luxury room rates and the citywide ADR.

Boutique and Lifestyle Upscale Hotels are older buildings, typically ranging in size from 80 to 200 rooms. The majority of these hotels have been fully renovated within the last ten to 15 years. Because renovation or conversion of an existing hotel or office building is generally less expensive than building a new facility, these properties are able to offer below-market room rates for a high-quality product. In San Francisco, boutique and lifestyle hotels have developed a significant market presence, competing with the full-service hotels for the commercial and leisure traveler predominately and for group demand to a lesser extent. They typically have limited meeting space and small public areas, and have eliminated expensive overhead such as extensive food and beverage facilities. A number of boutique hotels do, however, have “signature” restaurants on-premises that are marketed independently of the hotel and have achieved a high level of recognition for quality and uniqueness. Lastly, there have been a number of new nationally affiliated hotels that have entered the San Francisco market over the last several years that also fall into this category. The proposed Subject, which represents a nationally affiliated, upscale hotel, falls within this category.

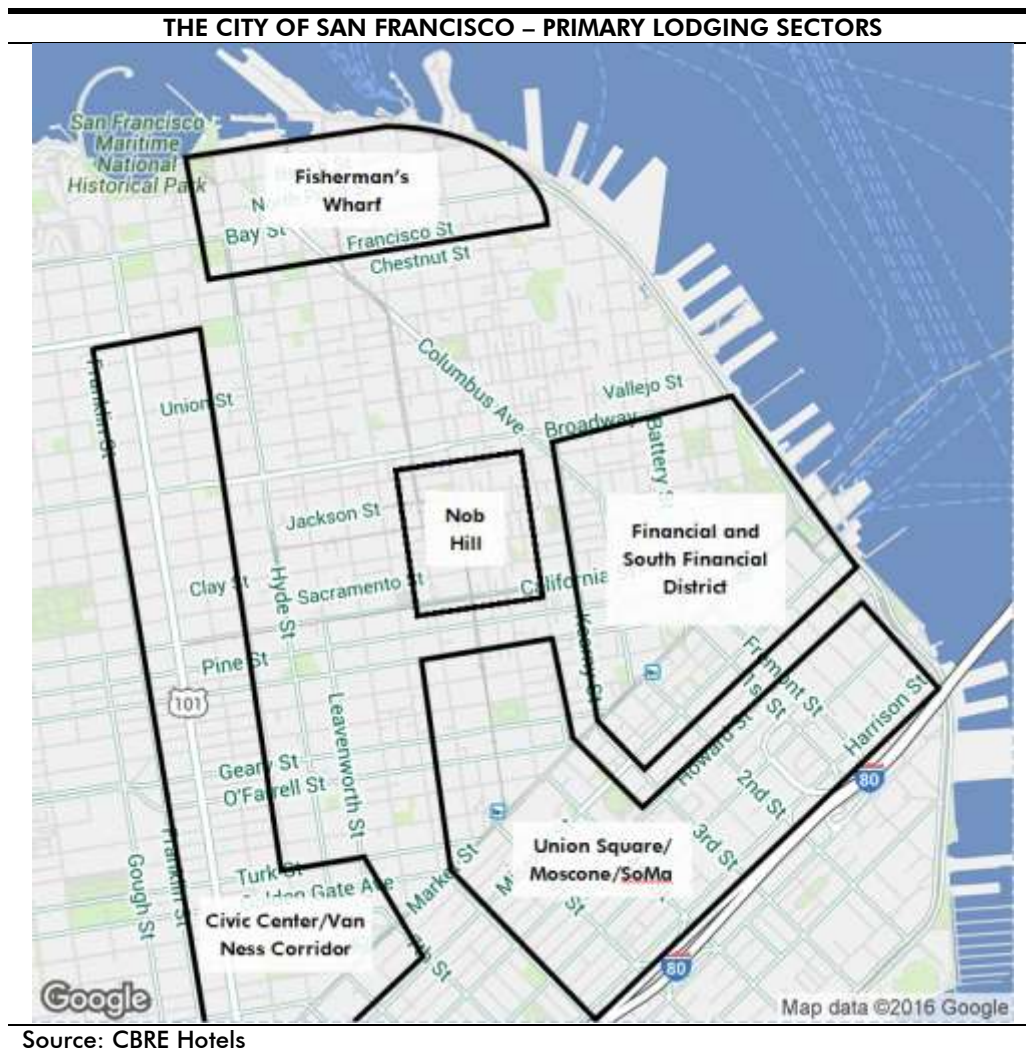
Middle-Market Hotels appeal to the middle-income individual and family traveler. Tour operators primarily book these hotels because they offer a good compromise among service, product quality, and room rate. Guest service is usually good, but with few frills. Food and beverage facilities are limited and more economical than in first-class hotels. Room rates are typically similar to the citywide average.

Limited-Service, Midscale and Economy Hotels generally range in size from 30 to 150 rooms. These properties offer room rates at the lower end of the scale and commonly do not offer on premise food and beverage facilities or recreational components. This lodging product type is located outside of the more highly trafficked areas such as the Financial District or Union Square, and is instead proximate to the Civic Center, SOMA, and Lombard Street. This product-type generally does not compete, directly or indirectly, with the four other lodging products discussed.

3. PRIMARY LODGING SECTORS

The five primary lodging sectors in San Francisco are: 1) Union Square/Moscone/SoMa; 2) Nob Hill; 3) the Financial District and South Financial District; 4) Fisherman's Wharf; and 5) Civic Center/Van Ness Corridor. While these are distinct areas with their own supply and demand

dynamics, there is often some market area overlap. The map on the following page indicates the general location of these sectors within San Francisco.



Union Square/Moscone/SoMa: This sector's location makes it attractive to most lodging demand, as Union Square is proximate to the Financial District and the Moscone Convention Center. Union Square is one of the nation's most prestigious retail districts, continually attracting new retail shops and expanding its existing stores. Westfield San Francisco Centre is the largest shopping center in this district, as well as one of the largest in the country. This general area also includes the growing SoMa district and the Museum of Modern Art, Yerba Buena Gardens, the Sony Metreon, and AT&T Park and Mission Bay.

Union Square contains the city's largest supply of hotel rooms and attracts a mix of commercial, leisure, and group travelers. This sector has benefited from the completion of Moscone West in 2003 and will benefit further from the Center's upcoming expansion.

Nob Hill: This lodging sector has the most prestigious location in the city, with luxury properties including the Ritz-Carlton, Renaissance Stanford Court, Fairmont Hotel, and the Mark Hopkins-

InterContinental. However, it is also the smallest of the lodging sectors in terms of number of properties and number of guestrooms. The Ritz-Carlton, which opened in 1991, was the first addition to this sector's supply since the mid-1970s. Typical guests are upper-income corporate and leisure travelers, as well as the high-end group market.

Historically, this sector has commanded the highest ADR in the city, but with below-average occupancy. This is due to the higher cost of the hotel rooms and to their somewhat removed, hilltop location.

Financial and South Financial District: The major demand generator for the Financial District lodging sector is the high-density office population located within the area, both north and south of Market Street. The north is comprised of more traditional professional services firms while the south of market financial district is comprised of a higher concentration of technology companies. Typical guests in this sector are middle to high-income business, professional, and group travelers. Hotels in this neighborhood attract primarily commercial visitors due to their location. They experience their highest demand on weekdays, and obtain above-average occupancy and ADRs.

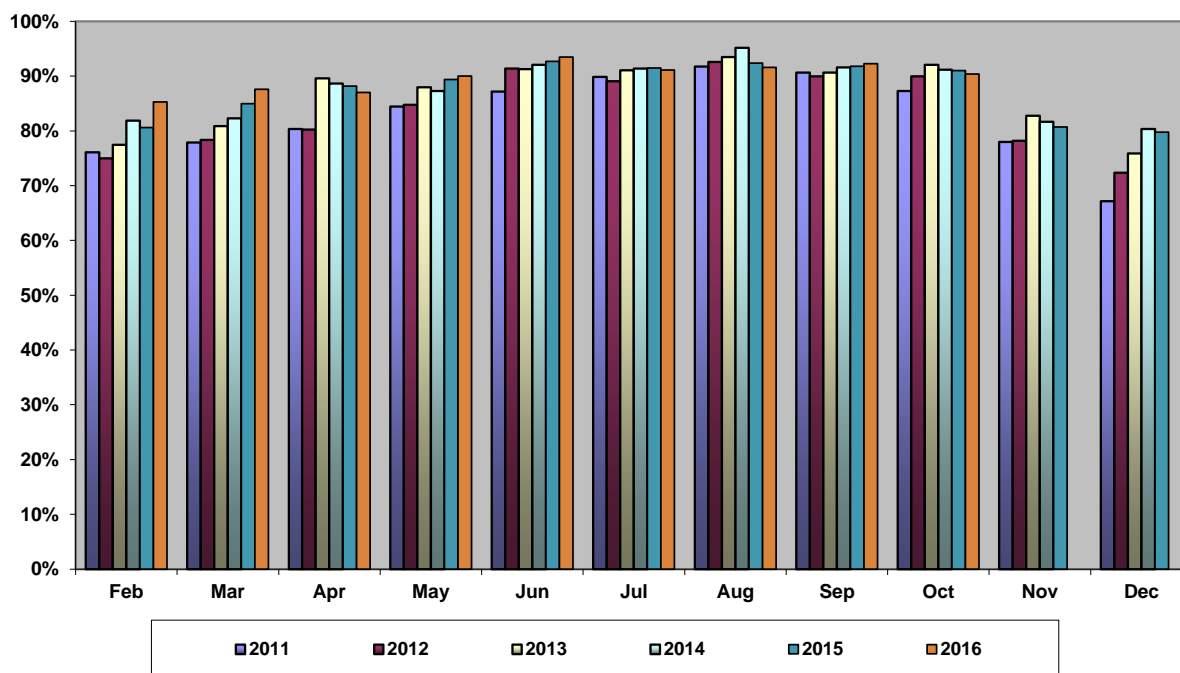
Fisherman's Wharf: This area is considered to be one of the top tourist attractions in Northern California. Its hotels are designed and oriented primarily to service middle-income families visiting San Francisco. However, given its proximity to the Financial District, the hotels attract a secondary share of business travelers. Most of the major U.S. lodging chains are represented in this sector by their respective mid-level products such as Best Western, Hilton, Holiday Inn, Hyatt, Marriott, Radisson, and Sheraton. Furthermore, this sector is family-friendly due to its convenience, price point, and proximity to venues and attractions. Consequently, families visiting San Francisco perceive a more casual and comfortable ambiance in the Fisherman's Wharf lodging sector as opposed to Nob Hill, Union Square, or the Financial District. Historically, this sector has achieved the highest occupancy of all the city's sectors. ADR, on the other hand, is typically below the overall average.

Civic Center/Van Ness Corridor: This lodging sector stretches along Van Ness Avenue, reaching south from the San Francisco Civic Center into SoMa, north to Fisherman's Wharf, and along Lombard Street into the Cow Hollow area. This lodging sector caters to the more price-sensitive visitors to San Francisco, as well as state and federal government employees. A number of the lodging products in this area have large meeting facilities geared toward the mid-market group segment. Historically, its composite occupancy and ADR tends to be the lowest of the five lodging sectors. The proposed Subject will be located within this lodging district.

4. SEASONALITY OF DEMAND

The seasonality of demand in San Francisco is largely tied to leisure travel as well as the convention calendar. Presented in the following table is a graph summarizing the city's occupancy by month for the past five years and through October 2016 year-to-date.

THE CITY OF SAN FRANCISCO - OCCUPANCY BY MONTH

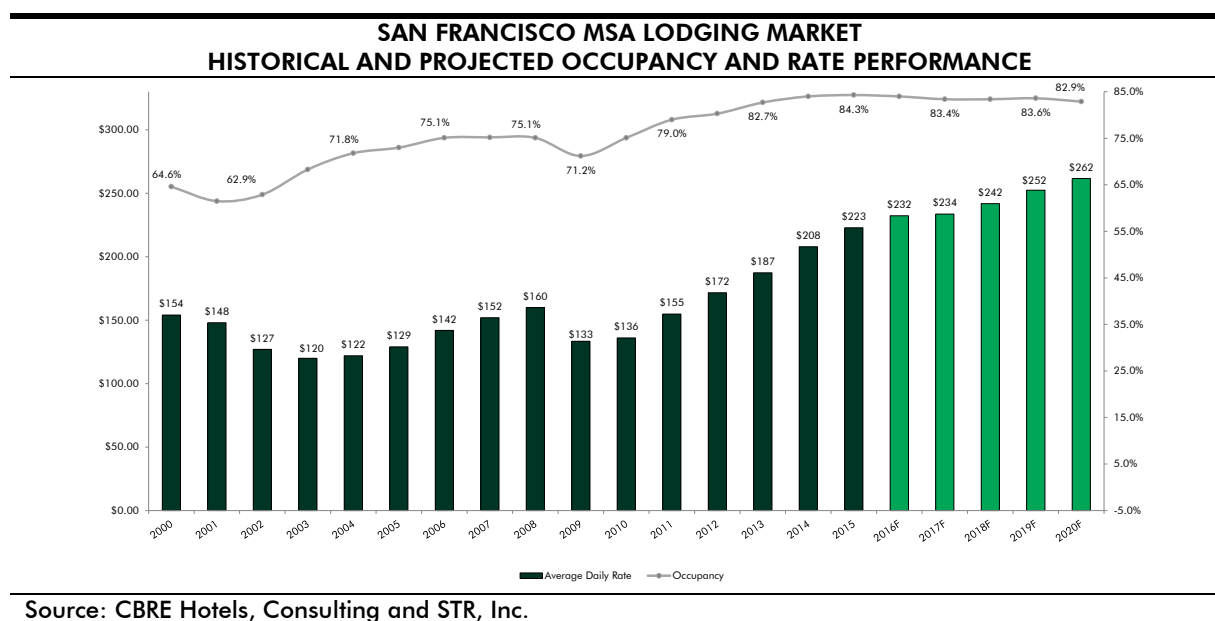


Source: CBRE Hotels, Consulting

As noted, San Francisco hotels run a high occupancy year-round. However, the summer and fall months of June, July, August, September, and October are generally the strongest due to the seasonal increase of leisure travelers in the summer and to the high volume of conventioners in the fall. March, April, and May are also strong months due to convention activity. January, February, November, and December are the slowest months, as both commercial and leisure travel declines during the holiday season. However, occupancy during these months still well exceeds national averages.

5. HISTORICAL PERFORMANCE

Presented in the chart below is a summary of the historical performance of the overall San Francisco MSA lodging market from 2000 through 2015, along with performance projections through 2020. This historical and projected future performance is compiled by CBRE Hotels, Americas Research. It should be noted that the historical and projected performance of the competitive market includes hotels located in San Francisco, San Mateo, and Marin Counties.



Occupancy has historically been strong for the San Francisco MSA lodging market, averaging 74.6 percent and ranging from a low of 61.5 percent in 2001 to a high of 84.3 percent in 2015. With occupancy levels this high, the MSA generated a significant amount of unsatisfied demand, or demand that was turned away to other Bay Area markets due to the limited supply growth during those years. This high demand allowed hotel managers to significantly increase room rates. Between 2011 and 2015, the San Francisco MSA achieved rate growth ranging between approximately 7.0 and 14.0 percent per year, resulting in a year-end 2015 ADR of \$223. It should be noted that hotels within the City of San Francisco achieve a premium in ADR over the markets comprising the San Francisco MSA, as well as an overall higher occupancy level.

Between 2016 and 2020, occupancy is projected to decrease from 84 percent to approximately 83 percent, which is still above the 16 year average. ADR growth of approximately 4.2, 0.6, and 3.6 percent is projected in 2016, 2017, and 2018, respectively. This rate growth results in a year-end 2018 ADR of \$242, which is the highest ADR level recorded for the San Francisco MSA. Lastly, it should be noted that the City of San Francisco is generally regarded as the strongest lodging market in the United States, achieving record occupancy levels and extraordinary average rate growth with very few projected additions to supply. In fact, lodging demand is forecast to remain so strong that the City of San Francisco has a significant undersupply of new rooms in the development pipeline, ensuring strong levels of occupancy, even during the downturns in normal economic cycles.

6. CHANGES TO SUPPLY

The strength of the local hotel market in the late 1990s resulted in the planning and development of numerous hotel projects, which have included building conversions, renovations, and new construction on sites throughout the city. However, as a result of the economic downturn in the early 2000s coupled with high construction costs, only seven hotels (with a total of 1,457 rooms)

have opened since 2005. The most recent addition was the 57-room Holiday Inn Express, which opened in January 2016 and was a conversion from an independent hotel. Twenty hotels are currently proposed, four are under construction, and eight hotels are slated for conversions. We have provided a summary of these projects in the table on the following page. It should be noted that this table excludes the potential redevelopment of the Subject.

NEW AND UPDATED HOTEL SUPPLY - SAN FRANCISCO, CA			
No.	Project Name	Address	Room Count
Under Construction			
1.	Hotel Via	144 King Street	134
2.	Virgin Hotel	250 4th Street	215
3.	Yotel	1095 Market Street	203
4.	Building 105 Hotel	The Presidio	42
Subtotal:			594
Planning			
5.	Standard Hotel	950-974 Market Street	212
6.	Unnamed Hotel	555 Howard Street	223
7.	Hotel SoMA	690 5th Street	75
8.	Marriott	1000 Channel Street	250
9.	Hyatt Place	701 3rd Street	230
10.	Unnamed Hotel	439 Washington Street	189
11.	Moxy Fisherman's Wharf	1196 Columbus Avenue	65
12.	Unnamed Hotel	1053-55 Market Street	155
13.	citizenM Hotel	72 Ellis Street	156
14.	Unnamed Hotel	5 3rd Street	130
15.	Unnamed Hotel	1125 Market Street	151
16.	Teatro ZinZanni Hotel	Embarcadero & Broadway	172
17.	Cort Furniture Building	447 Battery Street	144
18.	F4 Hotel	560 Howard Street	250
19.	Waldorf Astoria	50 First Street	169
20.	AC Hotel Union Square	425 Mason Street	77
21.	Unnamed Hotel	996 Mission Street	105
22.	Unnamed Hotel	One Montgomery Street	152
23.	SoMa 2nd Street Hotel	350 Second Street	480
24.	Soma 5th Hotel & Residence	300 5th Street	120
Subtotal:			3,505
Conversions			
25.	Renoir Hotel (San Francisco Proper)	45 McAllister Street	135
26.	New Central Hotel	1412 Market Street	120
27.	Hotel Des Arts	447 Bush Street	52
28.	Mithila Hotel	972 Sutter Street	30
29.	Union Square Plaza Hotel	432 Geary Street	69
30.	Hotel Fusion	54 4th Street	124
31.	Mosser Hotel	140 Ellis Street	201
32.	Grove Street Hotel (Days Inn Hotel)	465 Grove Street	143
Subtotal:			874
Grand Total:			4,973

As indicated above, there are currently four hotels under construction, totaling 594 rooms. In addition to these four hotels, 3,505 rooms have been proposed throughout San Francisco. Other

hotels have been discussed as part of the master plan for various large-scale development projects throughout the city (i.e. Treasure Island); however, no developer has been selected and no programming has been approved. As such, we have not included any hotels proposed as part of these large-scale developments in our analysis. Eight properties (Projects 25-32) are slated to undergo conversions from transient/residential hotels into transient-only hotels between 2017 and 2020.

A brief summary of each project is presented in the following paragraphs. It should be noted that the new hotel supply landscape is constantly changing as projects are added, abandoned, or changed on a frequent basis. Accordingly, the descriptions and understanding of the supply additions presented herein is based upon our market research as of the date of this report.

1. 144 King St: A 12-story, 134-room boutique hotel is being developed by David O’Keeffe on a site across from AT&T Park. This 12-story hotel will offer a roof garden, a bar, and views of the downtown skyline and will be named the Hotel Via. The hotel is projected to open the spring of 2017.
2. 250 4th St: Developer Jay Singh is developing an 11-story, 215-room Virgin Hotel. The Virgin Hotel will feature a restaurant and a bar/lounge and is projected to open in the third quarter of 2017.
3. 1095 Market St: A historic building in the Mid-Market neighborhood is being converted into a 203-room Yotel. This project is currently scheduled to open in 2018.
4. The Presidio: Presidio Trust is in the process of converting an existing building (Building 105) into a 42-room hotel to open in summer 2017.
5. 950-974 Market St: This project, planned to be a Standard Hotel, is being developed by Mid-Market Center, LLC and the architect is Bjarke Ingels Group. The 212-room hotel will be constructed as part of a mixed-use development which will include 250 condominium units and retail. It is projected that the hotel will open by July 1, 2018.
6. 555 Howard Street: A 223-room hotel has been proposed at this location as part of a 36-story tower. The building would be split between a 223-room hotel and 127 residential units and would be located across from the new Transbay Transit Center. The project is a joint venture between SKS Investments and Pacific Eagle Holdings.
7. 690 5th St: Townshend Associates, LLC has plans to demolish an existing office building and construct the 75-room Hotel SOMA with a 5,000 square foot café.
8. 1000 Channel St: This three-acre site, known as Block 1, will be developed by the Strada Investment Group and Stanford Hotels Corporation into a \$220 million hotel and residential complex. The hotel portion will encompass an estimated 250 rooms and 15 floors. It will be branded as a full-service Marriott.
9. 701 3rd St: Stonebridge Corporation plans to build a 230-room, 11-story Hyatt Place hotel on a 13,750 acre site which is currently improved with a McDonald’s restaurant.

10. 439 Washington St: A group called Peninsular Realty LLC has submitted plans for a 189-room hotel with ground floor retail at 439 Washington Street. This project would demolish an existing two-story office and retail building to make way for the 22-story hotel.
11. 1196 Columbus Ave: J Street Hospitality is planning to develop a 65-room Moxy Hotel in the Fisherman's Wharf neighborhood. This project is currently scheduled to open in early 2019.
12. 1053-55 Market St: G and M Hospitality (the developers of the Hampton Inn) have plans to demolish the Kaplan's Surplus store and construct a 10-story hotel with 155 rooms and ground floor retail.
13. 72 Ellis St: Plans have been extended by the city for demolition of an existing parking lot and the construction of an 11-story, 156-room hotel with ground floor retail. This project will be branded a citizenM Hotel.
14. 5 3rd Street: Hearst Corporation, which currently owns the Hearst Building at 5 3rd Street, is considering leasing the building to a to-be-formed joint venture of JMA Ventures and Mr. Darius Anderson to redevelop the building and operate it as a boutique hotel.
15. 1125 Market St: The proposed 151-room hotel is currently in the early stages at this site in the Mid-Market area of San Francisco. The hotel is currently scheduled for completion in January 2019.
16. Embarcadero & Broadway: A 170-room boutique hotel is proposed as part of a mixed-use development that will also include the Teatro ZinZanni Dinner Theatre and ten artist studios.
17. 447 Battery St: A new 144-room hotel is being proposed for the Financial District in what is now the Cort Furniture building at 447 Battery Street. The building will rise 198 feet for 18 stories and will include ground level retail, nine residential units, the hotel and residential lobby, and parking underneath the structure.
18. 560 Howard Street: A mixed-use development to include 200 residential units, 250,000 to 425,000 square feet of office space, and a 200- to 300-room hotel. This project is located adjacent to the Transbay Terminal Center and is being developed by F4 Transbay Partners, LLC, which is a joint venture between Urban Pacific Development, LLC and Broad Street Principal Investments, LLC.
19. 1st and Mission Street: A 171-room Waldorf Astoria hotel has been proposed for the first 21 floors of the two million square foot mixed-use tower at 1st and Mission Street. This mixed-use building will be part of the Transbay development and will become the second tallest tower in San Francisco. The project is being developed by Oceanwide Holdings and will consist of a mix of hotel, retail, residential apartments, and office space.
20. 425 Mason Street: J Street Hospitality is planning to develop a 77-room AC Hotel in Union Square through adaptive reuse of an existing vacant office building. Plans for the conversion of the building were submitted to the City of San Francisco in May 2016.

21. 996 Mission Street: San Francisco real estate investor Dipak Patel has proposed an eight-story hotel at the corner of 6th and Mission streets in San Francisco's SOMA neighborhood. The site is currently developed with a two-story building containing ground floor commercial space and 29 residential hotel units. The proposed hotel would contain ground floor commercial space, 75 transient guestrooms and 30 residential hotel rooms. Plans are currently under review by the City of San Francisco.
22. One Montgomery Street: 601W Cos. has proposed a development plan that would preserve and renovate the current two-story property at One Montgomery Street. The property was built in 1908 and is currently occupied by Wells Fargo & Co. A preliminary application has been filed for roughly a 266,260 square foot building that would rise 500 feet and contain 35 stories. Three possible plans have been filed with various mixes of hotel and residential uses. The uses include 1) 234 hotel rooms and five market rate residential units, 2) 152 hotel rooms and 23 market-rate residential units, and 3) 52 market-rate residential units with no hotel rooms.
23. 350 Second Street: A partnership led by former JBG Companies development executive Ken Finklestein is planning a 480-room hotel in San Francisco's SoMa district. Preliminary plans submitted in early September show a 200-foot, 21-story tower constructed behind a shallow, eight-story building. The proposed site is a half-acre parking lot located across from the two-tower, 303 Second Street office complex. The preliminary completion date is 2Q2020.
24. 300 5th Street: The owner of a South of Market gas station has filed plans to raze the business and replace it with a mixed-use building. Plans submitted to the City of San Francisco at the beginning of October show an eight-story building with 120 hotel rooms and five residential units on the top floor. In addition, the hotel will include a breakfast room, a bar located on the ground floor, and 1,300 square feet of retail space. The preliminary completion date is mid-2020.
25. 45 McAllister St: The historic Renoir Hotel will be converted to the San Francisco Proper, a 135-room luxury hotel focused on food and beverage. This hotel is scheduled to open in June of 2017.
26. 1412 Market St: The New Central Hotel is located at 1412 Market Street in the Mid-Market District. This four-story hotel features 105 tourist and 15 residential guestrooms, for a total of 120 rooms. It is currently closed to occupants in order to undergo a renovation prior to re-opening as a budget transient-only hotel. The renovation began in May of 2015; however, we were unable to verify when the hotel will reopen.
27. 447 Bush St: The Hotel Des Arts is a budget boutique hotel located at 447 Bush Street in the western edge of San Francisco's Financial District. This property consists of 13 tourist and 38 residential rooms, for 51 total guestrooms. However, one additional room will be added to inventory, increasing the property's total size to 52 rooms.

28. 972 Sutter St: The Mithila Hotel is a budget boutique hotel located in the Lower Nob Hill District at 972 Sutter Street. This property features 11 transient and 19 residential guestrooms, for a total of 30 rooms. It consists of four floors: its first floor features approximately 3,000 square feet of retail space, and its upper three floors have the hotel guestrooms.
29. 432 Geary St: The Union Square Plaza Hotel is a transient/residential hotel in the Mid-Market district which has eight transient rooms and 61 tourist rooms. It is set to undergo a renovation to be converted into a 69-room transient-only property; we have assumed that this conversion will be complete by 2017.
30. 54 4th St: The Hotel Fusion is a third transient/residential hotel with 112 transient and 12 residential rooms. It is expected to convert to a 124-room transient hotel by 2017.
31. 140 Ellis St: This 69-room residential hotel will undergo an extensive renovation in order to convert into a transient-only property. We have assumed that this project will be complete by 2020.
32. 465 Grove Street: The owner of the Days Inn San Francisco Downtown is planning to redevelop the site with a four-story, 143-room hotel. The Days Inn site would be combined with an adjacent 1,750 square foot parcel currently developed with a two-story duplex. The existing hotel was constructed in 1960 and contains 47 guestrooms. The project is in very early planning stages.

If all these hotels (including conversions) were to open by 2020, they would result in a net increase of 4,973 new rooms within the San Francisco market, bringing San Francisco's total "primary" hotel inventory to 30,164. However, these additions only represent a supply CAGR of approximately 4.6 percent from 2016 to 2020. Meanwhile, demand for rooms in the market is projected to equal or exceed this rate. As demand growth will likely continue at this pace, if not at a stronger rate, the new supply would not likely have a significant impact on occupancy for the overall San Francisco lodging market. In addition, and more importantly, due to the high costs of construction and difficulty of obtaining city approval and financing, it is highly unlikely that most of these projects will come to fruition in the near-term, and supply growth is estimated to actually be less than 1.0 percent per year for the next five years. As such, we are of the opinion that the City of San Francisco will remain under supplied with regard to traditional hotel rooms. We therefore have only included the proposed hotel additions that we believe will be most competitive with the proposed Subject and have a high likelihood of completion.

For the purpose of this analysis, we have accounted for the annualized addition of the 230-room Hyatt Place (September 2019) in our projection of competitive supply and demand for the proposed Hotel.

7. AIRBNB

Airbnb was founded in August of 2008 in San Francisco, California. It is a peer-to-peer online marketplace and homestay network that enables people to list or rent short-term lodging in residential properties, with the cost of such accommodation set by the property owner. The company receives a percentage service fee from both guests and hosts in conjunction with every booking. Airbnb has over 2,000,000 listings in 34,000 cities and 191 countries.









San Francisco is one of the premier markets for Airbnb. As Airbnb has grown to become a standard form of lodging for both corporate and leisure travelers, Airbnb is recognized as a formidable component of the greater San Francisco lodging market that competes with traditional hotels, albeit typically for value oriented accommodations. Based on data compiled by CBRE Hotels' Americas Research and Airdna there were approximately 3,600 Airbnb units available for rent in San Francisco as of September 2016. Airdna, a data mining company, estimates that these units achieved an occupancy of approximately 64 percent and an ADR of approximately \$208 through trailing-twelve-months September 2016. Comparatively, hotels in San Francisco achieved an occupancy of approximately 86 percent and an ADR of approximately \$255 during this same time period.

In November of 2016, the San Francisco Board of Supervisors passed one of the most stringent restrictions on short-term rentals in the country, barring hosts from having paying guests in a room, house or entire apartment for more than 60 days a year. While this new law implements limitations on nightly rentals for Airbnb units, these units are envisioned to continue to play a role within the greater San Francisco lodging market.

8. COMPETITIVE LODGING MARKET OVERVIEW

Under current operations, the existing 40-room Pacific Heights Inn competes with other economy-scale hotels in San Francisco, many of which are located in Pacific Heights and Chinatown along Broadway (Inn on Broadway and Royal Pacific Motor Inn) or in the Marina District along Lombard Street (Surf Motel and Suites and Lombard Inn). Like the Pacific Heights Inn, many of these properties represent two-story hotels with exterior corridors.

As a newly-built, nationally-affiliated, upper midscale hotel, the proposed Subject will primarily compete with other nationally-affiliated, upper midscale and upscale hotels located in San Francisco. Based on our research and our understanding of the proposed improvements, we have identified eight properties (totaling 1,817 rooms) as representing a reasonable competitive market for the proposed Hotel located at 1555 Union Street. Competitive properties were identified on the basis of location, affiliation, room product offered, guest type, rate structure, and overall quality. The table on the following page provides a summary of the competitive hotels.

SUMMARY OF HOTELS IN THE PRIMARY COMPETITIVE LODGING MARKET				
Property	Holiday Inn Express Union Square	Hampton Inn San Francisco Downtown Convention Center	Courtyard San Francisco Downtown	Courtyard San Francisco Union Square
				
Address	235 O'Farrell Street	942 Mission Street	299 2 nd Street	761 Post Street
Distance from Subject	2.2 miles	2.0 miles	2.6 miles	1.7 miles
Year Opened	2016	2015	2001	2015
Number of Rooms	59	174	405	166
Affiliation	InterContinental Hotels Group	Hilton Hotels and Resorts	Marriott International	Marriott International
Amenities				
Complimentary Breakfast	Yes	Yes	No	No
Restaurant	No	No	Yes	Yes
Recreation	None	Fitness Center	Fitness Center/Pool	Fitness Center
Meeting Space	None	None	12,150 SF	340 SF
Property	Holiday Inn San Francisco Golden Gateway	Comfort Inn by the Bay	Holiday Inn Express & Suites Fisherman's Wharf	Courtyard San Francisco Fisherman's Wharf
				
Address	1500 Van Ness Avenue	2775 Van Ness Avenue	550 North Point Street	580 Beach Street
Distance from Subject	0.8 miles	0.2 miles	1.0 mile	1.0 mile
Year Opened	1974	1993	2001	2001
Number of Rooms	496	138	252	127
Affiliation	InterContinental Hotels Group	Choice Hotels	InterContinental Hotels Group	Marriott International
Amenities				
Complimentary Breakfast	No	Yes	Yes	No
Restaurant	Yes	No	No	Yes
Recreation	Fitness Center/Pool	None	None	Fitness Center
Meeting Space	18,000 SF	None	1,600 SF	None

9. HISTORICAL PERFORMANCE OF THE COMPETITIVE MARKET

The following table summarizes the historical performance of these eight hotels between 2010 and 2015, as well as through year-to-date ("YTD") November 2015 and 2016.

PROPOSED FAIRFIELD INN & SUITES									
Historical Performance of the Competitive Market									
Year	Annual Supply	Percent Change	Occupied Rooms	Percent Change	Market Occupancy	ADR	Percent Change	RevPAR	Percent Change
2010	518,665	-	422,436	-	81.4%	\$128.95	-	\$105.03	-
2011	518,665	0.0%	417,903	-1.1%	80.6%	\$148.83	15.4%	\$119.92	14.2%
2012	518,665	0.0%	429,846	2.9%	82.9%	\$165.67	11.3%	\$137.30	14.5%
2013	517,840	-0.2%	431,035	0.3%	83.2%	\$184.51	11.4%	\$153.58	11.9%
2014	517,570	-0.1%	456,887	6.0%	88.3%	\$206.65	12.0%	\$182.42	18.8%
2015	564,444	9.1%	500,126	9.5%	88.6%	\$222.02	7.4%	\$196.72	7.8%
CAGR/AVG	1.7%	-	3.4%	-	84.2%	11.5%	-	13.4%	-
YTD Nov '15	509,946	-	455,777	-	89.4%	\$226.95	-	\$202.84	-
YTD Nov '16	606,878	19.0%	541,762	18.9%	89.3%	\$238.33	5.0%	\$212.76	4.9%

Source: STR, Inc.

- Supply for the competitive market increased at a compound annual growth rate ("CAGR") of 1.7 percent over the past six years. Modest decreases in inventory occurred in 2013 and 2014 as the room count at the Holiday Inn Golden Gateway and the Courtyard San Francisco Fisherman's Wharf decreased. In 2015, supply increased by 9.1 percent over prior year levels as a result of the annualized addition of the 174-room Hampton Inn San Francisco Downtown Convention Center, which opened in August of 2015, and the opening of the 166-room Courtyard San Francisco Union Square in September of 2015. Supply further increased through YTD November 2016 by 19 percent, which is also attributable to the annualized opening of the Hampton Inn and Courtyard Union Square, as well as the opening of the 59-room Holiday Inn Express San Francisco Union Square in January of 2016.
- Demand for room nights at these properties increased moderately between 2010 and 2013; however, accommodated demand increased by 6.0 and 9.5 percent in 2014 and 2015, respectively. Accommodated demand further increased a significant 18.9 percent through YTD November 2016. It is interesting to note that demand levels increased in line with the increase in supply, indicating that unsatisfied demand exists within this market. Occupancy for the competitive hotels averaged 84.2 percent over the past six years, increasing from 80.6 percent in 2011 to 88.6 percent in 2015. It is at this level the competitive market operates at or near capacity.
- With hotels operating at such high occupancy levels, managers have had the ability to significantly increase ADR. As shown, ADR has increased at a CAGR of 11.5 percent since 2010, well above the increase in ADR recorded by the national hotel market during

this time frame. Between 2010 and 2015, ADR for these hotels increased by more than \$90.

- With consistent gains in both occupancy and ADR, RevPAR has grown by double-digits between 2010 and 2014, representing one of the strongest performing submarkets in the country. RevPAR further increased by 7.8 percent in 2015 and by 4.9 percent through YTD November 2016.
- As nationally-affiliated hotels with limited meeting space (with the exception of the Holiday Inn Golden Gateway), the properties comprising the competitive market receive a majority of their demand from the transient commercial and leisure market segment. We estimate the demand segmentation of the competitive market is comprised of approximately 80 percent transient commercial and leisure demand and 20 percent group demand. These hotels generally attract travelers who are loyal to individual brands, seeking rewards from their respective guest rewards programs. It should be noted that of the selected competitive hotels, the Courtyard by Marriott hotels represent the market leaders with regard to performance levels. The Courtyard by Marriott brand represents an upscale hotel brand while the remainder of the competitive set is classified under the upper midscale chain scale.
- As illustrated in the table below, occupancy in the competitive market does exhibit seasonal patterns. Focusing on the three-year average, the strongest months are the months of April through October when occupancy is in the mid 70- to low 80-percent range. February, March, and November are shoulder months with occupancy in the mid 80 percent range. January and December are the slowest months with occupancy in the mid 50-percent range.

COMPETITIVE MARKET SEASONALITY (MONTHLY)				
Monthly Occupancy	2013	2014	2015	3-Year Avg.
January	53%	59%	53%	55%
February	64%	67%	65%	65%
March	67%	71%	67%	68%
April	77%	79%	73%	76%
May	82%	81%	77%	80%
June	83%	82%	76%	80%
July	86%	84%	80%	83%
August	86%	75%	80%	80%
September	84%	70%	82%	79%
October	85%	75%	83%	81%
November	76%	67%	70%	71%
December	57%	49%	58%	54%
Average	75%	71%	72%	73%

- The chart below illustrates the demand in the competitive market by day of the week. Corporate travel coupled with leisure travel drive demand from Monday through Thursday with occupancy in the high 60- to mid-70-percent range. Leisure travel drives demand on Fridays and Saturdays, with occupancy in the low to high 80-percent range. Sundays are the slowest day of the week with average occupancy of approximately 62 percent.

COMPETITIVE MARKET SEASONALITY (WEEKLY)				
Day of Week	TTM 10/14	TTM 10/15	TTM 10/16	3-Year Avg.
Sunday	61%	62%	64%	62%
Monday	62%	62%	65%	63%
Tuesday	67%	65%	69%	67%
Wednesday	71%	68%	74%	71%
Thursday	75%	73%	77%	75%
Friday	84%	81%	84%	83%
Saturday	90%	86%	90%	89%
Year	73%	71%	75%	73%

10. PROJECTED PERFORMANCE OF THE COMPETITIVE MARKET

Presented in the following table is a summary of our occupancy and ADR projections for the competitive market for the years 2016 through 2024, coinciding with the proposed Subject's first five full years of operation. As will be discussed, we have assumed that the proposed Hotel would be open and available for occupancy by July 1, 2019 and will contain 100 guestrooms.

PROPOSED FAIRFIELD INN & SUITES									
Projected Performance of the Competitive Market									
Year	Annual Supply	Percent Change	Occupied Rooms	Percent Change	Market Occupancy	ADR	Percent Change	RevPAR	Percent Change
2015	564,444	9.1%	500,126	9.5%	89%	\$222.02	7.4%	\$196.72	7.8%
2016	663,205	17.5%	590,000	18.0%	89%	\$233.00	4.9%	\$207.28	5.4%
2017	663,205	0.0%	583,600	-1.1%	88%	\$234.00	0.4%	\$205.91	-0.7%
2018	691,310	4.2%	594,500	1.9%	86%	\$241.00	3.0%	\$207.25	0.6%
2019	765,405	10.7%	650,600	9.4%	85%	\$251.00	4.1%	\$213.35	2.9%
2020	783,655	2.4%	666,100	2.4%	85%	\$259.00	3.2%	\$220.15	3.2%
2021	783,655	0.0%	666,100	0.0%	85%	\$267.00	3.1%	\$226.95	3.1%
2022	783,655	0.0%	666,100	0.0%	85%	\$275.00	3.0%	\$233.75	3.0%
2023	783,655	0.0%	666,100	0.0%	85%	\$283.00	2.9%	\$240.55	2.9%
2024	783,655	0.0%	666,100	0.0%	85%	\$291.00	2.8%	\$247.35	2.8%
CAGR	2.1%	-	1.5%	-	-	2.8%		2.2%	

Source: CBRE Hotels, Consulting

- As stated, an increase in supply in 2016 is reflective of the annualized opening of the Hampton Inn in August 2015, the Courtyard Union Square in September 2015, and the January 2016 opening of the Holiday Inn Express Union Square. In 2018, supply is projected to increase by 4.2 percent as a result of the annualized addition of the 230-room Hyatt Place. This addition is also projected to impact supply in 2020, coupled with

the projected opening of the proposed Subject in July 2019. Due to a significant amount of unsatisfied demand in the city, it is anticipated that these additions to supply will have only a minimal impact on the overall market's occupancy levels.

- As noted in the table above, occupancy for the competitive market is projected to be 89 percent in 2016, consistent with the aggregate occupancy achieved by these hotels in 2015 and through YTD November 2016. Consistent with projections for the overall San Francisco MSA projections and historical averages, we project occupancy will decrease to 88 percent in 2017, 86 percent in 2018, and 85 percent in 2019. It is at this occupancy level we project the competitive market to stabilize. It should be noted that this slight decline in occupancy is more a function of normal economic cycles as ADR levels continue to increase and demand and occupancy performance backs slightly off current record levels. A stabilized occupancy of 85 percent is in line with long term averages and is indicative of the continued strength of the local market.
- Based on year-to-date trends, ADR for the competitive market is projected to increase by 5.0 percent through year-end 2016. However, while ADR growth for the competitive market has been strong historically, increasing by between approximately 7.0 and 15.0 percent over the past six years and by 5.0 percent through YTD November 2016, modest rate growth is projected for 2017. As aforementioned, as a result of the expansion of the Moscone Center, approximately 490,000 room nights have been cancelled, many of which were booked in 2017. While there is high demand in San Francisco for hotel room nights outside of demand emanating from the Moscone Center, it is anticipated that rates will be discounted in an attempt to attract a fair share of demand. Through year-end 2017, we project ADR to increase modestly by 0.5 percent, in line with the outlook for City of San Francisco, increasing to 3.0 percent in 2018, and 4.0 percent in 2019. This rate growth results in a 2019 ADR of \$251, approximately \$29 above 2015 levels. Thereafter, ADR is projected to increase by 3.0 percent per annum, in line with our long-term outlook for inflation.

F. PROJECTED PERFORMANCE OF THE SUBJECT

Based upon our analysis contained herein, including a review of the overall competitive market and of each identified hotel, we have provided our occupancy and ADR projections for the proposed Subject's first five years of operation, as stated in calendar years.

Assuming that the Subject will be a newly-constructed, 100-room upper midscale, focus-service hotel, we assume that it will be able to achieve its fair share of demand, after an initial ramp up period. We believe that it could achieve an occupancy of 80 percent as it is introduced into the market in 2019. As it gains recognition, we project occupancy to increase to 85 percent in 2020, the level at which we project the Hotel to stabilize. Our projected stabilized occupancy for the proposed Subject is in line with our stabilized estimate for the competitive market, as the proposed Hotel will represent a relatively small, brand new, high-quality hotel with a great location, proximate to all of San Francisco's famed attractions.

While we project a stabilized occupancy of 85 percent for a 100-room upper midscale hotel, ADR levels will be dependent on the proposed Hotel's positioning. Based on the individual attributes and performance levels of the individual competitive hotels (and other branded upper midscale hotels in particular), we believe that the proposed Subject could achieve an ADR of \$245 under the hypothetical condition that it was open and stabilized in 2016. This ADR is approximately \$12 above the estimated 2016 aggregate ADR, which is deemed appropriate as the proposed Subject will be the newest hotel in the competitive market and one of the smallest.

We project ADR to grow at rates in line with our projections for the competitive market, such that the Subject is projected to open with an ADR of \$263 in July 2019. Our projections for both occupancy and ADR for the proposed Subject's first five full years of operation are presented in the following table.

PROPOSED FAIRFIELD INN & SUITES PROJECTED PERFORMANCE					
Year	Hypothetical ADR	Market Growth	Occupancy	RevPAR	Percent Change
2016	\$245.00	-	-	-	-
2017	\$246.00	0.5%	-	-	-
2018	\$253.00	3.0%	-	-	-
2019	\$263.00	4.0%	80%	\$210.40	-
2020	\$271.00	3.0%	85%	\$230.35	9.5%
2021	\$279.00	3.0%	85%	\$237.15	3.0%
2022	\$287.00	3.0%	85%	\$243.95	2.9%
2023	\$296.00	3.0%	85%	\$251.60	3.1%
Source: CBRE Hotels, Consulting					

As noted, the proposed Fairfield Inn & Suites is assumed to open on July 1, 2019. Accordingly, we must convert the calendar year forecast into fiscal year periods. To accomplish this for the fiscal year 2019/2020, we have taken a weighted average of six months of the calendar year 2019 and six months of the calendar year 2020 to derive the fiscal year projection. We have

then performed this analysis for each subsequent fiscal year. In doing so, it is our calculation that for the first fiscal year, the proposed Subject will achieve an ADR of \$267 with a corresponding occupancy of 83 percent. We project a long-term stabilized occupancy of 65 percent beginning in 2020/21.

PROPOSED FAIRFIELD INN & SUITES PROJECTED PERFORMANCE							
Calendar Year Projections				Fiscal Year Conversion			
Year	Occupancy	ADR	Percent Change	Fiscal Year	Occupancy	ADR	Percent Change
2019	80.0%	\$263.00	-	2019/20	83.0%	\$267.00	-
2020	85.0%	\$271.00	3%	2020/21	85.0%	\$275.00	3%
2021	85.0%	\$279.00	3%	2021/22	85.0%	\$283.00	3%
2022	85.0%	\$287.00	3%	2022/23	85.0%	\$292.00	3%
2023	85.0%	\$296.00	3%	2023/24	85.0%	\$301.00	3%
2024	85.0%	\$305.00	3%	2024/25	85.0%	\$310.00	3%
2025	85.0%	\$314.00	3%	2025/26	85.0%	\$319.00	3%
2026	85.0%	\$323.00	3%	2026/27	85.0%	\$328.00	3%
2027	85.0%	\$333.00	3%	2027/28	85.0%	\$338.00	3%
2028	85.0%	\$343.00	3%	2028/29	85.0%	\$348.00	3%

Note: Average daily rates rounded to the whole dollar

Source: CBRE Hotels, Consulting

Of particular note is that, given the previously discussed strong fundamentals of the greater San Francisco lodging market along with the proposed Subject's assumed quality new improvements, the new 100-room Hotel will open with very strong levels of performance and with minimal impact on the greater competitive San Francisco lodging market.

While it is possible that the proposed Hotel will experience growth in occupancy and ADR above those estimated in the report, it is also possible that sudden economic downturns, unexpected additions to the room supply, or other external factors will force the property below the selected point of stability. Consequently, the estimated occupancy and ADR levels are representative of the most likely potential operations of the proposed Subject over the projection period based on our analysis of the market as of the date of the report.

This completes our analysis of the potential market demand for a proposed new Hotel on the identified site in downtown San Francisco. After you have had an opportunity to review this report, please feel free to contact us with any questions or comments. Thank you for this opportunity to work with you on this engagement. Please let us know should you have any questions or should you require any further information.

Yours sincerely,

CBRE Hotels, Consulting



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ADDENDA

ADDENDUM A

CERTIFICATION

Certification

We, Chris Kraus and Catherine Bolstad, certify that, to the best of our knowledge and belief:

1. The statements of fact contained in this report are true and correct.
2. The reported analyses, opinions, and conclusions are limited only by the reported assumptions and limiting conditions, and are our personal, impartial, and unbiased professional analyses, opinions, conclusions, and recommendations.
3. We have no present or prospective interest in or bias with respect to the property that is the subject of this report and have no personal interest in or bias with respect to the parties involved with this assignment.
4. We have performed no (or the specified) services, as an appraiser or in any other capacity regarding the property that is the subject of this report within the three-year period immediately preceding acceptance of this assignment.
5. We have no bias with respect to any property that is the subject of this report or to the parties involved with this assignment.
6. Our compensation for completing this assignment is not contingent upon the development or reporting of a predetermined value or direction in value that favors the cause of the client, the amount of the value opinion, the attainment of a stipulated result, or the occurrence of a subsequent event directly related to the intended use of this report.
7. We have made a personal inspection of the identified hotel site.
8. No one has provided significant professional assistance to the persons signing this report.
9. The reported analyses, opinions, and conclusions were developed, and this report has been prepared, in conformity with the requirements of the Code of Professional Ethics and the Standards of Professional Appraisal Practice of the Appraisal Institute.
10. Valuation & Advisory Services operates as an independent economic entity within CBRE, Inc. Although employees of other CBRE, Inc. divisions may be contacted as a part of our routine market research investigations, absolute client confidentiality and privacy were maintained at all times with regard to this assignment without conflict of interest.
11. The use of this report is subject to the requirements of the Appraisal Institute relating to review by its duly authorized representatives.
12. As of the date of this report, Chris Kraus has completed the continuing education program for Designated Members of the Appraisal Institute.
13. Chris Kraus is a Certified General Real Estate Appraiser in the State of California.



Chris Kraus
Managing Director
chris.kraus@cbre.com
415.652.4483



Catherine Bolstad
Director
catherine.bolstad@cbre.com
415.772.0357

Addendum B

ASSUMPTIONS AND LIMITING CONDITIONS

Assumptions and Limiting Conditions

1. CBRE, Inc. through its consultant (collectively, "CBRE") has inspected through reasonable observation the subject property. However, it is not possible or reasonably practicable to personally inspect conditions beneath the soil and the entire interior and exterior of the improvements on the subject property. Therefore, no representation is made as to such matters.
2. The report, including its conclusions and any portion of such report (the "Report"), is as of the date set forth in the letter of transmittal and based upon the information, market, economic, and property conditions and projected levels of operation existing as of such date. The dollar amount of any conclusion as to value in the Report is based upon the purchasing power of the U.S. Dollar on such date. The Report is subject to change as a result of fluctuations in any of the foregoing. CBRE has no obligation to revise the Report to reflect any such fluctuations or other events or conditions which occur subsequent to such date.
3. Unless otherwise expressly noted in the Report, CBRE has assumed that:
 - (i) Title to the subject property is clear and marketable and that there are no recorded or unrecorded matters or exceptions to title that would adversely affect marketability or value. CBRE has not examined title records (including without limitation liens, encumbrances, easements, deed restrictions, and other conditions that may affect the title or use of the subject property) and makes no representations regarding title or its limitations on the use of the subject property. Insurance against financial loss that may arise out of defects in title should be sought from a qualified title insurance company.
 - (ii) Existing improvements on the subject property conform to applicable local, state, and federal building codes and ordinances, are structurally sound and seismically safe, and have been built and repaired in a workmanlike manner according to standard practices; all building systems (mechanical/electrical, HVAC, elevator, plumbing, etc.) are in good working order with no major deferred maintenance or repair required; and the roof and exterior are in good condition and free from intrusion by the elements. CBRE has not retained independent structural, mechanical, electrical, or civil engineers in connection with this consulting report and, therefore, makes no representations relative to the condition of improvements. CBRE consultants are not engineers and are not qualified to judge matters of an engineering nature, and furthermore structural problems or building system problems may not be visible. It is expressly assumed that any purchaser would, as a precondition to closing a sale, obtain a satisfactory engineering report relative to the structural integrity of the property and the integrity of building systems.
 - (iii) Any proposed improvements, on or off-site, as well as any alterations or repairs considered will be completed in a workmanlike manner according to standard practices.
 - (iv) Hazardous materials are not present on the subject property. CBRE is not qualified to detect such substances. The presence of substances such as asbestos, urea formaldehyde foam insulation, contaminated groundwater, mold, or other potentially hazardous materials may affect the value of the property.
 - (v) No mineral deposit or subsurface rights of value exist with respect to the subject property, whether gas, liquid, or solid, and no air or development rights of value may be transferred. CBRE has not considered any rights associated with extraction or exploration of any resources, unless otherwise expressly noted in the Report.
 - (vi) There are no contemplated public initiatives, governmental development controls, rent controls, or changes in the present zoning ordinances or regulations governing use, density, or shape that would significantly affect the value of the subject property.
 - (vii) All required licenses, certificates of occupancy, consents, or other legislative or administrative authority from any local, state, nor national government or private entity or organization have been or can be readily obtained or renewed for any use on which the Report is based.
 - (viii) The subject property is managed and operated in a prudent and competent manner, neither inefficiently or super-efficiently.
 - (ix) The subject property and its use, management, and operation are in full compliance with all applicable federal, state, and local regulations, laws, and restrictions, including without limitation environmental laws, seismic hazards, flight patterns, decibel levels/noise envelopes, fire hazards, hillside ordinances, density, allowable uses, building codes, permits, and licenses.
 - (x) The subject property is in full compliance with the Americans with Disabilities Act (ADA). CBRE is not qualified to assess the subject property's compliance with the ADA, notwithstanding any discussion of possible readily achievable barrier removal construction items in the Report.

- (xi) All information regarding the areas and dimensions of the subject property furnished to CBRE are correct, and no encroachments exist. CBRE has neither undertaken any survey of the boundaries of the subject property nor reviewed or confirmed the accuracy of any legal description of the subject property.

Unless otherwise expressly noted in the Report, no issues regarding the foregoing were brought to CBRE's attention, and CBRE has no knowledge of any such facts affecting the subject property. If any information inconsistent with any of the foregoing assumptions is discovered, such information could have a substantial negative impact on the Report. Accordingly, if any such information is subsequently made known to CBRE, CBRE reserves the right to amend the Report, which may include the conclusions of the Report. CBRE assumes no responsibility for any conditions regarding the foregoing, or for any expertise or knowledge required to discover them. Any user of the Report is urged to retain an expert in the applicable field(s) for information regarding such conditions.

4. CBRE has assumed that all documents, data and information furnished by or behalf of the client, property owner, or owner's representative are accurate and correct, unless otherwise expressly noted in the Report. Such data and information include, without limitation, numerical street addresses, lot and block numbers, Assessor's Parcel Numbers, land dimensions, square footage area of the land, dimensions of the improvements, gross building areas, net rentable areas, usable areas, unit count, room count, rent schedules, income data, historical operating expenses, budgets, and related data. Any error in any of the above could have a substantial impact on the Report. Accordingly, if any such errors are subsequently made known to CBRE, CBRE reserves the right to amend the Report, which may include the conclusions of the Report. The client and intended user should carefully review all assumptions, data, relevant calculations, and conclusions of the Report and should immediately notify CBRE of any questions or errors within 30 days after the date of delivery of the Report.
5. CBRE assumes no responsibility (including any obligation to procure the same) for any documents, data or information not provided to CBRE, including without limitation any termite inspection, survey or occupancy permit.
6. All furnishings, equipment and business operations have been disregarded with only real property being considered in the Report, except as otherwise expressly stated and typically considered part of real property.
7. Any cash flows included in the analysis are forecasts of estimated future operating characteristics based upon the information and assumptions contained within the Report. Any projections of income, expenses and economic conditions utilized in the Report, including such cash flows, should be considered as only estimates of the expectations of future income and expenses as of the date of the Report and not predictions of the future. Actual results are affected by a number of factors outside the control of CBRE, including without limitation fluctuating economic, market, and property conditions. Actual results may ultimately differ from these projections, and CBRE does not warrant any such projections.
8. The Report contains professional opinions and is expressly not intended to serve as any warranty, assurance or guarantee of any particular value of the subject property. Other consultants may reach different conclusions as to the value of the subject property. Furthermore, market value is highly related to exposure time, promotion effort, terms, motivation, and conclusions surrounding the offering of the subject property. The Report is for the sole purpose of providing the intended user with CBRE's independent professional opinion of the value of the subject property as of the date of the Report. Accordingly, CBRE shall not be liable for any losses that arise from any investment or lending decisions based upon the Report that the client, intended user, or any buyer, seller, investor, or lending institution may undertake related to the subject property, and CBRE has not been compensated to assume any of these risks. Nothing contained in the Report shall be construed as any direct or indirect recommendation of CBRE to buy, sell, hold, or finance the subject property.
9. No opinion is expressed on matters which may require legal expertise or specialized investigation or knowledge beyond that customarily employed by real estate consultants. Any user of the Report is advised to retain experts in areas that fall outside the scope of the real estate consulting report profession for such matters.
10. CBRE assumes no responsibility for any costs or consequences arising due to the need, or the lack of need, for flood hazard insurance. An agent for the Federal Flood Insurance Program should be contacted to determine the actual need for Flood Hazard Insurance.
11. Acceptance or use of the Report constitutes full acceptance of these Assumptions and Limiting Conditions and any special assumptions set forth in the Report. It is the responsibility of the user of the Report to read in full, comprehend and thus become aware of all such assumptions and limiting conditions. CBRE assumes no

responsibility for any situation arising out of the user's failure to become familiar with and understand the same.

12. The Report applies to the property as a whole only, and any pro ration or division of the title into fractional interests will invalidate such conclusions, unless the Report expressly assumes such pro ration or division of interests.
13. The allocations of the total value estimate in the Report between land and improvements apply only to the existing use of the subject property. The allocations of values for each of the land and improvements are not intended to be used with any other property or consulting report and are not valid for any such use.
14. The maps, plats, sketches, graphs, photographs, and exhibits included in this Report are for illustration purposes only and shall be utilized only to assist in visualizing matters discussed in the Report. No such items shall be removed, reproduced, or used apart from the Report.
15. The Report shall not be duplicated or provided to any unintended users in whole or in part without the written consent of CBRE, which consent CBRE may withhold in its sole discretion. Exempt from this restriction is duplication for the internal use of the intended user and its attorneys, accountants, or advisors for the sole benefit of the intended user. Also exempt from this restriction is transmission of the Report pursuant to any requirement of any court, governmental authority, or regulatory agency having jurisdiction over the intended user, provided that the Report and its contents shall not be published, in whole or in part, in any public document without the written consent of CBRE, which consent CBRE may withhold in its sole discretion. Finally, the Report shall not be made available to the public or otherwise used in any offering of the property or any security, as defined by applicable law. Any unintended user who may possess the Report is advised that it shall not rely upon the Report or its conclusions and that it should rely on its own consultants, advisors and other consultants for any decision in connection with the subject property. CBRE shall have no liability or responsibility to any such unintended user.

**UNION STREET ASSOCIATION
2036 UNION STREET
SAN FRANCISCO, CA. 94123**

T. 415-441-7055 F. 415-928-4750

www.unionstreetsf.com

January 8, 2017

Young Kim
Pacific Heights Inn
1555 Union Street
SF Ca 94123

Re: **2014.1364Var**: Demolition of existing building located at 1555 Union Street and construction of a new and larger hotel in its place.

Dear Mr. Kim,

After meeting with the Union Street Association in early 2016 to present the project to the members for their input and concerns, the overall impression was of support for the increase in size, however, many attendees felt the design was lacking in facade elements that appropriately reflected the historic nature of the neighborhood.

Subsequently the architect was disinclined to make any changes which was disappointing to the membership. Interestingly, the Planning Department had concerns as well regarding the bulk and certain facade elements of the design and requested changes.

Several outreach meetings were conducted to gather more information from the immediate residential neighbors who will be impacted by the scope of the project. These concerns have been mitigated by the project sponsor as best as possible and it looks like the project has support from the residents.

The Association's main concern was the appearance of the building which did not muster much enthusiasm from the merchants. The final plans have now incorporated changes that do make the exterior of the building more in keeping with neighborhood architecture. While it is not an award winning design in our opinion, we do believe the project deserves our support and will be an economic asset to the street going forward.

The property owner has been a responsible business owner, operating the Inn for many years in a professional manner. We believe his investment in the neighborhood will be an asset to the district and will stimulate business in our commercial corridor.

The Association **urges support** for this project and believes it will be beneficial and helpful to the business mix in Cow Hollow to have a new and improved Pacific Heights Inn/Hotel operating in the near future.

Sincerely,


Lesley Leonard
Executive Director

✓ cc: Brittany Bendix

To: Planning Commission

I have been a merchant in the Union St neighborhood for many years, and fully support the construction of a new Pacific Heights Inn hotel. I feel that updating the hotel that has been in the neighborhood for over 65 years will benefit the community and make the Union Street area a more desirable place to work and live.

I feel that an upscale hotel will benefit other businesses and residents in the neighborhood.

Additional comments:

The new hotel will improve
the existing neighborhood. I
support the project!

Name PETZER ONG Date 1/18/17

Business Name Frame 123

Business Address 1530 UNION ST.



To: Planning Commission

I have been a merchant in the Union St neighborhood for many years, and fully support the construction of a new Pacific Heights Inn hotel. I feel that updating the hotel that has been in the neighborhood for over 65 years will benefit the community and make the Union Street area a more desirable place to work and live.

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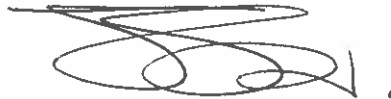
Additional comments:

Fully Support this projection.

Name Jung Jo Date 1/28/17

Business Name CORDWELL BANKER

Business Address 1801 Lombard St.

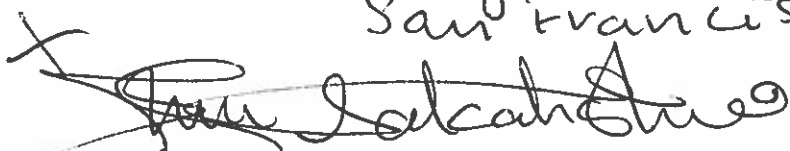


To: Planning Commission

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Additional comments:

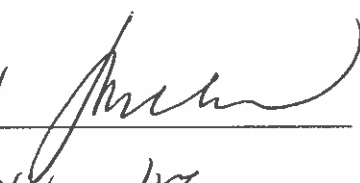
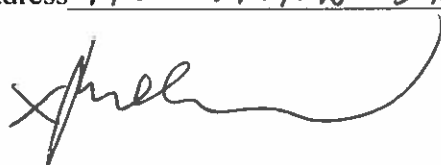
Name Archpriest John Talcahas Date January
Business Name Holy Trinity Cathedral Bo, 2017
Business Address 1520 Green St.
San Francisco, CA
94123


To: Planning Commission

I have been a merchant in the Union St neighborhood for many years, and fully support the construction of a new Pacific Heights Inn hotel. I feel that updating the hotel that has been in the neighborhood for over 65 years will benefit the community and make the Union Street area a more desirable place to work and live.

I feel that an upscale hotel will benefit other businesses and residents in the neighborhood.

Additional comments:

Name MARY CHEN  Date 1/30/17
Business Name MAXXIN, Inc.
Business Address 1650 UNION ST, SAN FRANCISCO, CA 94123


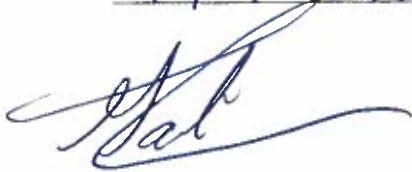
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I feel that an upscale hotel will benefit other businesses and residents in the neighborhood.

Additional comments:

Name Gabe Ferroni Date Jan 4-17
Business Name Bus Stop
Business Address 1901 Union St



To: Planning Commission

I have been a merchant in the Union St neighborhood for many years, and fully support the construction of a new Pacific Heights Inn hotel. I feel that updating the hotel that has been in the neighborhood for over 65 years will benefit the community and make the Union Street area a more desirable place to work and live.

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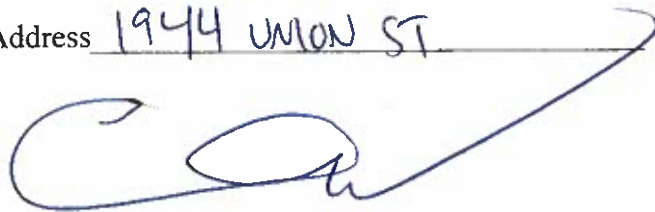
Additional comments:

Name CAROLIN CHERRY

Date 1/4/17

Business Name PERRY'S

Business Address 1944 UNION ST.

A large, stylized handwritten signature in blue ink, likely belonging to Carolin Cherry, is written over the business address line and extends downwards.

To: Planning Commission

I have been a merchant in the Union St neighborhood for many years, and fully support the construction of a new Pacific Heights Inn hotel. I feel that updating the hotel that has been in the neighborhood for over 65 years will benefit the community and make the Union Street area a more desirable place to work and live.

I feel that an upscale hotel will benefit other businesses and residents in the neighborhood.

Additional comments:

Name Ronald KWAN Date 1.25.17
Business Name 7C jewelers
Business Address 1739A Union



To: Planning Commission

I have been a merchant in the Union St neighborhood for many years, and fully support the construction of a new Pacific Heights Inn hotel. I feel that updating the hotel that has been in the neighborhood for over 65 years will benefit the community and make the Union Street area a more desirable place to work and live.

I feel that an upscale hotel will benefit other businesses and residents in the neighborhood.

Additional comments:

Name Salvador López Date 01/25/17

Business Name Pane e Vino

Business Address 1715 Union St. 94123

Salvador López

To: Planning Commission

I have been a merchant in the Union St neighborhood for many years, and fully support the construction of a new Pacific Heights Inn hotel. I feel that updating the hotel that has been in the neighborhood for over 65 years will benefit the community and make the Union Street area a more desirable place to work and live.

I feel that an upscale hotel will benefit other businesses and residents in the neighborhood.

Additional comments:

Name Elias Behl Date 1/4/17
Business Name Sherman Market
Business Address 1598 UNION ST. S.F.



To: Planning Commission

I have been a merchant in the Union St neighborhood for many years, and fully support the construction of a new Pacific Heights Inn hotel. I feel that updating the hotel that has been in the neighborhood for over 65 years will benefit the community and make the Union Street area a more desirable place to work and live.

I feel that an upscale hotel will benefit other businesses and residents in the neighborhood.

Additional comments:

Name Tae u Lin Date 1/4/16
Business Name Union French Cleaners
Business Address 1718 Union St.

Tae u Lin

To: Planning Commission

I have been a merchant in the Union St neighborhood for many years, and fully support the construction of a new Pacific Heights Inn hotel. I feel that updating the hotel that has been in the neighborhood for over 65 years will benefit the community and make the Union Street area a more desirable place to work and live.

I feel that an upscale hotel will benefit other businesses and residents in the neighborhood.

Additional comments:

Name Elvira Giampaoli Date 1/4/17

Business Name Corsagna Deli

Business Address 1668 Union st. 94123

E. Giampaoli

To: Planning Commission

I have been a merchant in the Union St neighborhood for many years, and fully support the construction of a new Pacific Heights Inn hotel. I feel that updating the hotel that has been in the neighborhood for over 65 years will benefit the community and make the Union Street area a more desirable place to work and live.

I feel that an upscale hotel will benefit other businesses and residents in the neighborhood.

Additional comments:

Name Gloria Kim Date 01-25-17

Business Name Cow Hollow Shoe Repair

Business Address 1747 Union St, SF. CA 94123

Gloria Kim

To: Planning Commission

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I feel that an upscale hotel will benefit other businesses and residents in the neighborhood.

Additional comments:

Name Joanne Y. Pak Date 1/27/17

Business Name Deluxe Cleaners

Business Address 2965 Laguna St S.F. CA 94123

2 ESCE

To: Planning Commission

I have been a merchant in the Union St neighborhood for many years, and fully support the construction of a new Pacific Heights Inn hotel. I feel that updating the hotel that has been in the neighborhood for over 65 years will benefit the community and make the Union Street area a more desirable place to work and live.

I feel that an upscale hotel will benefit other businesses and residents in the neighborhood.

Additional comments:

Name ANNIE TSAN Date 1-27-17
Business Name City Salon
Business Address 2806 OCTAVIA ST SF. CA 94123
Annie Tsan

To: Planning Commission

I have been a merchant in the Union St neighborhood for many years, and fully support the construction of a new Pacific Heights Inn hotel. I feel that updating the hotel that has been in the neighborhood for over 65 years will benefit the community and make the Union Street area a more desirable place to work and live.

I feel that an upscale hotel will benefit other businesses and residents in the neighborhood.

Additional comments:

Name R. Ho A. Date 1-27-2017
Business Name 1596 UNION ST. Neighbor
Business Address S.F. CA. 94123

R. Ho A.

To: Planning Commission

I have been a merchant in the Union St neighborhood for many years, and fully support the construction of a new Pacific Heights Inn hotel. I feel that updating the hotel that has been in the neighborhood for over 65 years will benefit the community and make the Union Street area a more desirable place to work and live.

I feel that an upscale hotel will benefit other businesses and residents in the neighborhood.

Additional comments:

Name Louis S. Morello Date 1/27/17

Business Name Louis S. Morello, PhD

Business Address 1738 Union St, Ste 300

Louis S. Morello, PhD

To: Planning Commission

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I feel that an upscale hotel will benefit other businesses and residents in the neighborhood.

Additional comments: This document is 100% true.

Also, the hotel, as it is, is outdated.

We need this wonderful improvement
in this neighborhood } SF as a whole!

Name Peppina Harlow Date 1/6/2017

Business Name POST BOX

Business Address 1592 Union Street, SF, CA 94123



To: Planning Commission

I have been a merchant in the Union St neighborhood for many years, and fully support the construction of a new Pacific Heights Inn hotel. I feel that updating the hotel that has been in the neighborhood for over 65 years will benefit the community and make the Union Street area a more desirable place to work and live.

I feel that an upscale hotel will benefit other businesses and residents in the neighborhood.

Additional comments:

Name David Park Date 1/31/17

Business Name The Silver Platter

Business Address 2501 Van Ness ave San Francisco CA, 94108

To: Planning Commission

I have been a merchant in the Union St neighborhood for many years, and fully support the construction of a new Pacific Heights Inn hotel. I feel that updating the hotel that has been in the neighborhood for over 65 years will benefit the community and make the Union Street area a more desirable place to work and live.

I feel that an upscale hotel will benefit other businesses and residents in the neighborhood.

Additional comments:

Name ANTHONY GIANNINI Date JAN 4 2017
Business Name CAFFE UNION
Business Address 1830 UNION ST





December 13, 2016

RE: Project 1555 Union St., San Francisco

TO WHOM IT MAY CONCERN

As a property owner in the area and business owner across the street from the proposed project, I support the new development 100%.

Sincerely,



Al Clifford
President
Gordon/Clifford Realty, Inc
1572 Union St.
San Francisco, CA 94123
415 474 2685



Phone (415) 474-3708

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- ♦ Waxing
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- ♦ Closed Tuesday

1520 Union St. (Between Van Ness & Franklin)
San Francisco, CA 94123

Tina

on St neighborhood for many years, and fully support the hotel. I feel that updating the hotel that has been in the neighborhood for over 60 years will benefit the community and make the Union Street area a more desirable place to work and live.

I feel that an upscale hotel will benefit other businesses and residents in the neighborhood.

Additional comments:

Name Reginae Blue Chan Date 1/6/2017
Business Name first nail care
Business Address 1520 union ST SF CA 94121



Shirts designed to be worn untucked

www.UNTUCKit.com

questions@UNTUCKit.com

on St neighborhood for many years, and fully support the hotel. I feel that updating the hotel that has been in the neighborhood for over 65 years will benefit the community and make the Union Street area a more desirable place to work and live.

I feel that an upscale hotel will benefit other businesses and residents in the neighborhood.

Additional comments:

Name

Oscar Alvarez

Date

1-27-17

Business Name

~~UNTUCKit~~ UNTUCKit

Business Address

1872 Union St.

Brandon Ramos

Mission | 798 Valencia St. SF CA 94110
T. 415-861-2020
F. 415-861-2021
E. mission@veooptics.com

Marina | 1799 Union St. SF CA 94123
T. 415-921-7020
F. 415-921-7028
E. marina@veooptics.com

Union Square | 393 Sutter St. SF CA 94108
T. 415-434-2020
F. 415-434-2023
E. unionsquare@veooptics.com

www.veooptics.com

mission

chant in the Union St neighborhood for many years, and fully support the
cific Heights Inn hotel. I feel that updating the hotel that has been in the
5 years will benefit the community and make the Union Street area a more
and live.

I feel that an upscale hotel will benefit other businesses and residents in the neighborhood.

Additional comments:

Name

Brandon Ramos

Date

1/4/14

Business Name

veo optics

Business Address

1799 Union St.



Hours

Thursday to Friday 11:30 - 10:30

Saturday & Sunday 11:30 - 11:00

Monday Closed

tel 415.397.1197

1207 Union Street, San Francisco

Union St neighborhood for many years, and fully support the
hotel. I feel that updating the hotel that has been in the
neighborhood for over 65 years will benefit the community and make the Union Street area a more
desirable place to work and live.

I feel that an upscale hotel will benefit other businesses and residents in the neighborhood.

Additional comments:

Name Yoon, Ioo SHON Date 2/1/17

Business Name OKOZE Sushi Bar

Business Address 1207 Union street S.F

X y z sh

dantone milano

1784 Union Street
San Francisco, CA 94123


(415) 776-7008

neighborhood for many years, and fully support the
I feel that updating the hotel that has been in the
community and make the Union Street area a more

I feel that an upscale hotel will benefit other businesses and residents in the neighborhood.

Additional comments:

Name


Fengao Arjmand

Date

1/5/17

Business Name

DANTONE

Business Address

1784 Union St

Güzel Design

Istanbul

1714 Union St. San Francisco, CA 94123

facebook.com/guzeljewelrydesign

semiha@guzeljewelry.com

www.guzeljewelry.com

415 441 8000

Union St neighborhood for many years, and fully support the
hotel. I feel that updating the hotel that has been in the
neighborhood for over 65 years will benefit the community and make the Union Street area a more
desirable place to work and live.

I feel that an upscale hotel will benefit other businesses and residents in the neighborhood.

Additional comments:

Name Semih Dural Date 01.03.17

Business Name Guzel Jewelry Design

Business Address 1714 Union st. SF CA 94123

Semih Dural

10/10/2016

Re: 1555 Union Street Project

To Whom it may concern:

I'm writing on behalf of my mother-in-law, Evelyn Hintermann, residing at 1567 Union Street in San Francisco.

Her concerns with the proposed development next door are twofold: One is the stability of the soil in the area and its water content, and the other is the requested variance for only about 1/2 of the city required parking

Evelyn has lived in her house for over 85 years (!) and wanted to give everyone concerned some pertinent background regarding the area, some or all of which may not be known to others.

There appears to be a underground creek running from the intersection of Union and Van Ness on the Motel side (South side) of Union street to the intersection with Franklin. Please see the attached notes from Evelyn dated October 4th, 1983, which she wrote down for reference in the future. A leaking underground tank at the Chevron Station at Union and van Ness initially caused the problems described. Upon trying to mitigate that condition, the underground water way was discovered and created more problems. As Majors Engineering, hired by Chevron at the time, stated in their letter of April 28, 1987, their observations "lead us to believe there is a large quantity of underground water of unknown source in this area which eventually may affect other property in the neighborhood other than the Hintermann's." And after digging a trench between the Motel property and her home, "Water could also be seen seeping under the sidewalk and into the gutter at the intersection of Union and Franklin Streets."

This went on for quite some time, until it finally was resolved. Thankfully, Evelyn has not had any more issues since the repairs were made in the late 1980's and early 1990's. However, we are very concerned that, in the process of digging under the hotel to accommodate underground parking, the described waterway will again be disturbed, and water will find its way into

adjacent properties. Furthermore, the excavation may cause her home's foundation to be compromised.

It's Evelyn's wish to share this for everyone's benefit. Given the above, she would have expected further test borings to be undertaken on the subject property, close to her house. However, it's also to record as of this date, that her home's structure is sound, and that the building has not had any issues of settling for any reasons. Were there to be any changes to this condition, it clearly would be related to construction/excavation next door at the Motel. At 96 years of age, it's one thing to live next to a construction site; it's quite something else were there to be structural damage to her home, especially when the potential for that was known upfront.

The other concern for her is the variance for parking. Anyone who has lived in the area for a period of time knows that parking availability is tight. She was surprised to learn that the city would consider a variance, allowing the developer to supply only about 1/2 of the required parking spots. She strongly objects to the variance and suggests cutting the proposed number of hotel rooms in such a way that no variance will be necessary.

Thank you,

Beat Bossart
415-279-4334
bbossart@yahoo.com

Attachments:

- Description of events, dated October 4th, 1983
- Letter from the Hintermanns to Chevron, 5/2/1986
- Copy of letter to Chevron from "Majors Engineering", 4/28/1987
- Letter from Chevron regarding work done at 1567 Union St., 10-22/1987

October 4, 1983

There was a strong smell of gas throughout the house. We found out there was a ruptured gas tank at the Chevron station at the corner of Union & Van Ness. The gas had entered the underground water.

P.G. & E. shut off service at the meter & disconnected the boiler and water heater due to the gasoline odor in the basement.

Chevron installed ventilation fans on the ground floor of 1567, and 1581 Union Street. The purpose of these fans was to keep these buildings free of excessive gasoline vapors. The fans operated until the source of gasoline vapors were eliminated. Gettler-Ryan Inc. tried to stop fumes by sealing the foundation wherever they could, and took vapor readings very often.

A drainage trench was dug on the east side of our building which led to a recovery tank that had a pump to recapture the gas that had leaked. When they dug this trench it caused the underground water to be diverted and come into our garage. We continued to have water in our garage.

In 1986 Chevron hired R. L. Stevens to extend the drainage system out to the main sewer. Stevens hired Regan Mechanical Contractors to dig the trench from the curb to the main sewer.. Regan dug about 5 feet without any shoring. He then probed and said there was water and filled up the hole again that night.

After much discussion a new contractor C & B Construction was hired. He in turn hired Valente Plumbing. In 1987 Valente's laborer dug under the foundations of 1555 and 1567 and caused our front door to hang up by undermining our foundation. The job was stopped, and we consulted Structural Engineer Robert Gefken. He wrote "I examined the conditions at the site, and in my opinion, additional steps should be taken to protect your property, as well as the motel to the east of your house. First, your foundation and the motel's foundation should be underpinned to prevent loss of support due to the 3'6" deep trench. Second, a Impervious membrane should be installed along the east side of the excavation to prevent water from entering your property and to channel the water to the drain tile. Third, I would use a 6" drain pipe to convey the water to the sewer in Union St." Chevron hired Robert Gefken to submit plans for underpinning 1555 and 1567. The underpinning was done by Wagner Construction Co., and the drainage system was completed by Valente Plumbing .Our new garage floor was done by Raymond Villasenor Contractors.

1567 Union St.
San Francisco, Ca. 94123

May 21, 1986

Mr. John Randall
Chevron U. S. A. Inc.
2 Annabel Lane, Suite 200
San Ramon, CA 94583

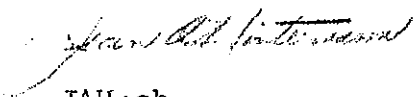
Dear Mr. Randall:

My wife and I are becoming quite concerned with the increased water problem. During the past 3 weeks the weather has been dry; and although we have heard the pump going, we have had a continuous flow of water under the foundation of our stairs. There has also been a very large puddle of water in the yard next door. It is now running down the sidewalk.

As I explained to you, my wife has lived in our flat for 54 years and I have lived here for 41 years. Prior to your diverting the stream in 1983 to recover the gasoline that escaped from a broken tank, we only had water in our garage on 2 occasions. That was the year that we had such terrible wind and rain storms that there was flooding all throughout San Francisco and the entire State. Since the diversion, we always have water in our garage. We are afraid our stairs will rot out.

Through our conversation the last couple of weeks, we understand you are working to resolve this problem. Here's hoping for a solution as soon as possible.

Very truly yours:


JAH:eh



Majors Engineering

100 Park Place, Suite 220
San Ramon, CA 94583-1760
(415) 820-2423

April 28, 1987

Chevron U.S.A., Inc.
2 Annabel Lane, Suite 200
San Ramon, CA 94583

Attention: Mr. Bob Stolz

Reference: Job # 2-2791-00
Hinderman Residence- Release No. 21

Dear Bob:

Two visits were made to the site on April 6 and 8, 1987 when the sump pump had been inoperative for several days. Measurements of the water level in the sump and monitors taken on both days indicate that the ground water level had stabilized at approximately elevation 99.30. This is about 6" above the drain elevation in the Hinderman garage.

Although there was no water standing on the garage floor, water could be seen in the cracks of the slab and could be "pumped" through the cracks by standing on the slab. Some seepage was observed coming from under the slab and running over the Wong patio adjacent to the Hinderman garage. A drain pipe extending under the patio slab was also running full of water and discharging into a sump at the south west corner of the patio. Water could also be seen seeping under the sidewalk and into the gutter at the intersection of Union and Franklin Streets.

→ These observations lead us to believe there is a large quantity of underground water of unknown source in this area which eventually may affect other property in the neighborhood other than the Hinderman's. ←

Insofar as the Hinderman residence is concerned, we would recommend installing french drains under the garage slab connecting to the existing floor drain piping, as per the attached sketch. The perforated pipe would be installed only under the area of damaged slab that needs to be replaced. The exact elevation of the drains cannot be determined until the existing slab is removed and the elevation of the existing drain is known. The condition of the soil under the slab will also dictate how much of this soil should be removed and replaced with crushed rock, but we would recommend at least one foot of crushed rock be installed under the new slab. A

... in San Ramon and Novato.

Page 2

April 28, 1987

Reference: Job #2-2791-00

waterproof membrane is recommended to be placed between the slab and sub base, and the whole garage floor coated with waterproofing after the new slab is placed.

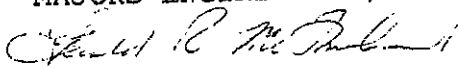
This method should prevent further encroachment of water into the garage and can probably be installed more economically than making a new tie in to the city sewer. However because of the apparently large amount of underground water present we feel that the sump pump should be left in place as the primary system for keeping the ground water level as low as possible.

Attached are sketches showing the area of the garage slab we recommend replacing, the suggested drainage system to be installed, and an updated profile showing the ground water level in relation to the garage floor.

Should you have any questions please feel free to call.

Very truly yours,

MAJORS ENGINEERING, INC.


Gerald R. McFarland

mdr



Chevron U.S.A. Inc.

2 Annabel Lane, Suite 200, San Ramon, CA 94583 • Phone (415) 838-5000

Marketing Operations
D. Moller
Division Manager, Operations
S. L. Patterson
Area Manager, Operations
C. G. Trimbach
Manager, Engineering

October 22, 1987

Mr. Jean Hintermann
1567 Union Street
San Francisco, California 94123

Re: Construction at 1567 Union Street, San Francisco, California

Dear Mr. Hintermann:

As you are aware from our earlier discussions, Chevron will soon be having a drainage system and underpinning work done at your property at 1567 Union Street, San Francisco, California. This work was suggested by Robert S. Gefken, Structural Engineer. Chevron is having this work done in the spirit of cooperation which has characterized our dealings for the past years.

The drainage system is being added to alleviate a wetness problem apparently related to Chevron's groundwater monitoring equipment installed in 1983-1984. Chevron had Mr. Gefken prepare plans and specifications for the underpinning work to be done at your property, and furnished us a list of names of contractors to do the work. Chevron will make arrangements with one of those contractors to do the work at Chevron's expense.

In view of the fact that the work is being done at your request and according to plans and specification prepared by Mr. Gefken, Chevron will require your indemnification and release in order to proceed with the work. Please review the following language and, if it is satisfactory to you, sign this release in the space provided and return it to Chevron. The other copy is for your records.

Sincerely yours,

D. MOLLER

By M. J. MANOS
Engineer

Attachment: Statement of Release

Stephen A. Devencenzi

2960 Hawkhill Lane, San Luis Obispo CA 93405

November 19, 2017

San Francisco City and County Planning Commission
1650 Mission Street, Suite 400,
San Francisco, CA 94103-2414

Attn: Members of the San Francisco City and County Planning Commission:

From: Stephen Devencenzi, Representing 1525 Union St

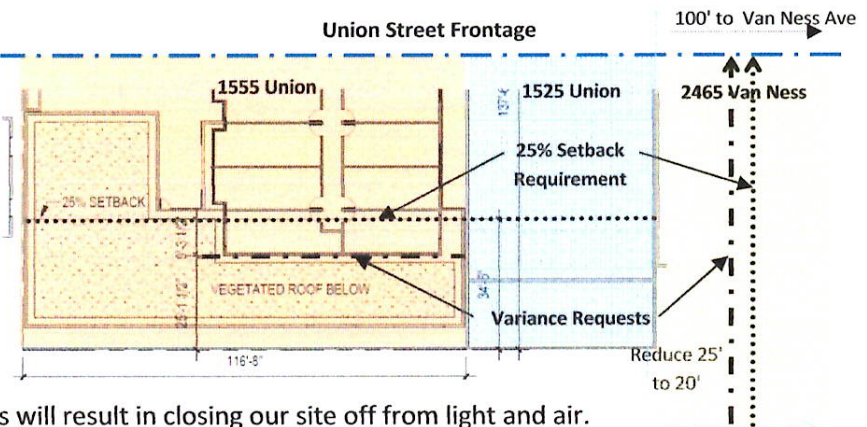
RE: 1555 Union St. Record 2014.1364CUAVAR

I represent the owners of 1525 Union St and we compliment the owners and representatives of this project regarding their efforts to address community concerns in the design of this proposal. We support this project with the exception of the proposed rear yard variance. We would also request minor modifications to the proposed design including relocation of the projecting sign to the other side of the entry and relocation of the flagpole to the opposite side of the mechanical penthouse. In addition, we have a number of concerns related to construction impacts and timing relative to this site and the additional proposal at 2465 Van Ness Ave. (scheduled for consideration at your December 18th meeting) with overlapping timeframes.

Setback

As the owners of the adjacent structure at 1525 Union St., we are in the position of having 2 proposed projects come before you within 3 weeks time requesting approval of rear yard setback variances that will have negative impacts on our site.

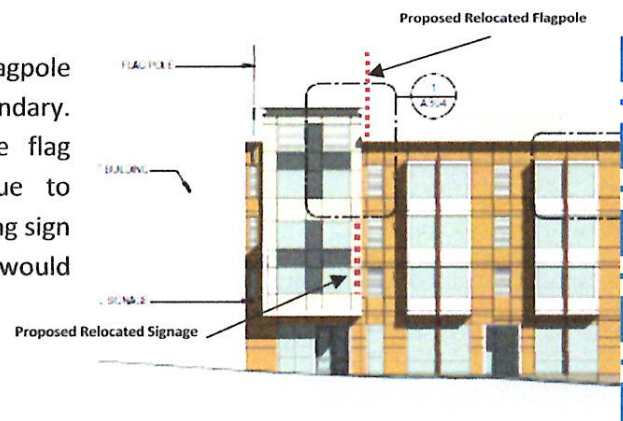
The 1555 Union project would extend a little over 9' beyond the distance allowed for our site as well as theirs. This will result in closing our site off from light and air.



The 2465 Van Ness proposal, immediately to the east of our site, is requesting variances to: the bulk and the exposure standards as well as encroachment upon the prescribed rear yard setback that abuts our location. Due to the scale of that project our site would be further deprived of light and air.

Signage and flagpole location

We request the relocation of the projecting sign and flagpole to locations a bit farther away from the property boundary. The proposed flagpole location would result in the flag regularly flying beyond the property boundary due to prevailing winds. The proposed location for the projecting sign would shield our location from eastbound traffic and we would recommend it be located further to the west.



Construction impacts

We are in the position of having our site very heavily restricted and impacted due to construction activity to the point that we will be unable to maintain regular or adequate access and the quiet use and enjoyment of our site - for a period of years. Each of the proposal will take years to complete with the potential to have activity on both sides of our location at the same time (or overlapping) - given the timing of the two project proposals under consideration.

Even with the development of a TDM program with requirements for contractors to shuttle workers to the sites, the ability of the neighborhood - and especially our site - to accommodate vehicles needed for daily activity will be heavily impacted. We are likely to find it literally impossible to gain reasonable access or conduct business.

Thank you for your attention to the above listed concerns.

Sincerely:



Stephen A. Devencenzi
Devencenzi Family Trust

November 21, 2017

TO: Brittany Bendix via email at: brittany.bendix@sfgov.org
Planner, San Francisco Planning Department

FR: Margie Lariviere
Property Owner, 1552-PH Green Street, San Francisco
Email: Margie.lariviere@gmail.com
415-776-2428

RE: **Case No. 2014.1364.CUA/VAR: 1555 Union Street**
Planning Commission Public Hearing November 30, 2017

Thank you for speaking with various concerned neighbors re the planned hotel project at 1555 Union Street, as well as considering the written comments.

Please consider the following objections and concerns to the project:

- The rear yard variance description is inadequate and fails to meet requirements. The description of the mid-block open space pattern does not meet the variance requirement of “...exceptional or extraordinary circumstances applying to the property involved.” The requirements do not demonstrate how the variance request meets the stated criteria and legal standard. Furthermore, I understand that the applicant’s stated variance request “...for the economic viability of the new hotel” is insufficient grounds.
- I object to the variance request to provide 35 off-street parking spaces rather than the legally required 80. I understand you explained that a variance is not needed, but rather a modification; however, a variance application was submitted and does not appear to have been withdrawn. Is this a technicality that needs to be addressed at the Commission level?
 - I object to the parking reduction variance (or modification) for the following reasons: 1) Notice of this parking variance was not included in the Notice of Public Hearing, although it was applied for. 2) If a variance is needed, the request does not meet the criteria for “exceptional or extraordinary circumstances applying to the property involved.” 3) I don’t understand the very significant reduction in parking spaces from the required 80 to 35, especially in such a parking-deprived neighborhood; perhaps the number could be 60 or 70? This area suffers from limited parking spaces. The parking reduction variance request exacerbates an already limited parking difficult situation for neighbors.
- I am also concerned about the proposed Conditional Use Authorization and whether or not this project is appropriate to this location. In summary, the proposed hotel doubles use on the site, significantly increasing the density of use immediately adjacent to a residential neighborhood, and maximizes the building envelope. All of this might be justified in the right circumstances, but we are not certain.
- Per the on-line Planning Application report: “Permitted Short Term Rentals: None.” However, the current motel is included in active Airbnb on-line listings. We would appreciate you to determine whether the motel is compliant with existing City laws regarding registration as an Airbnb provider.

My neighbors and I will be reviewing the environmental review determination as soon as it is available to be sure that the concerns that we submitted over a year ago to the Planning Department have been adequately addressed.

Thank you.

CC: David Lindsay, Team Leader Northwest Quadrant, San Francisco Planning Department
Sherie George, Environmental Planner
Scott Sanchez, Zoning Administrator, San Francisco Planning Department
Jonas Ionin, Secretary, San Francisco Planning Commission
Mark Farrell, San Francisco Supervisor, District 2
Neighbors

November 20, 2017

TO: Brittany Bendix
Planner, San Francisco Planning Department

FR: Rosemary Lucier
Property Owner, 1552-R Green Street, San Francisco
rosemarylucier@pacbell.net
415-931-6855

RE: Case No. 2014.1364.CUA/VAR: 1555 Union Street
Planning Commission Public Hearing November 30, 2017

Thank you for the information you've provided as my neighbors and I review the proposed project that is confronting our neighborhood at 1555 Union Street -- the conversion of the existing 2 story 39/40 room motel to a 4 story 100 room hotel.

Please include the following concerns in your case report:

- I object to the request for a rear yard variance. Your description of the mid-block open space pattern does not meet the variance requirement of "...exceptional or extraordinary circumstances applying to the property involved." In reviewing these requirements, I don't see how the variance request meets the stated criteria and legal standard. (I understand from you that the applicant's stated variance request "...for the economic viability of the new hotel" is insufficient grounds.)
- I object to the variance request to provide 35 off-street parking spaces rather than the legally required 80. I understand your clarification that a variance is not needed, but rather a modification; however, a variance application was submitted and as far as I can tell, not withdrawn. Is this a technicality that needs to be addressed at the Commission level?

I object to the parking reduction variance (or modification) for the following reasons: 1) Notice of this parking variance was not included in the Notice of Public Hearing, although it was applied for. 2) If a variance is needed, the request does not meet the criteria for "exceptional or extraordinary circumstances applying to the property involved." 3) I don't understand the very significant reduction in parking spaces from the required 80 to 35, especially in such a parking-deprived neighborhood; perhaps the number could be 60 or 70?

The attached Planning Code Section 307(i) document which you emailed today outlines off-street parking issues. I have concerns regarding the written responses to criteria #1 and #2.

#1 "The experience of the hotel operator is that the smaller ratio of spaces proposed by the project would be adequate parking for visitors to the project." Has there been a valid study over time to verify this statement? If it is a casual calculation, it's not verifiable.

#2 "The off-street parking reduction will not be detrimental..." ['to the health, safety, convenience or general welfare of persons residing in or working in the vicinity.']

I can attest to the fact that little or no off-street parking in the immediate vicinity of the proposed project is very inconvenient to those of us who reside in the vicinity. Public transportation in the neighborhood is excellent, but parking for neighbors who own cars

and do not have dedicated parking is extremely difficult -- or who have visitors who cannot get to this neighborhood by public transit and therefore must drive a car.

The parking reduction variance request is simply exacerbating an already difficult situation for neighbors.

- While these two concerns are directed to variances, we are also concerned about the proposed Conditional Use Authorization and whether or not this project is appropriate to this location. In summary, the proposed hotel doubles use on the site, significantly increasing the density of use immediately adjacent to a residential neighborhood, and maximizes the building envelope. All of this might be justified in the right circumstances, but we are not certain.
- Per the on-line Planning Application report: "Permitted Short Term Rentals: None." However, the current motel is included in active Airbnb on-line listings. Thank you for determining if the motel is compliant with existing City laws regarding registration as an Airbnb provider.

My neighbors and I will be reviewing the environmental review determination as soon as it is available to be sure that the concerns that we submitted over a year ago to the Planning Department have been adequately addressed.

Thank you.

CC: David Lindsay, Team Leader Northwest Quadrant, San Francisco Planning Department
Sherie George, Environmental Planner
Scott Sanchez, Zoning Administrator, San Francisco Planning Department
Jonas Ionin, Secretary, San Francisco Planning Commission
Mark Farrell, San Francisco Supervisor, District 2
Neighbors

REUBEN, JUNIUS & ROSE, LLP

November 15, 2017

President Rich Hillis
San Francisco Planning Commission
1650 Mission Street, Suite 400
San Francisco, CA 94103

**Re: 1555 Union Street
Brief in Support of Project
Planning File No.: 2014.1364CUA
Hearing Date: November 30, 2017
Our File No.: 10727.01**

Dear President Hillis and Commissioners:

Our office is working with Young Kim (“Sponsor”) concerning his proposed new 100-room, four-story hotel, at a total of approximately 57,000 square feet of floor area, with 35 below-grade parking spaces (“Project”). The Project is located at 1555 Union Street, between Franklin Street and Van Ness Avenue, in the Union Street Neighborhood Commercial District. The Project would replace the existing 50-room Pacific Heights Inn motel with a new, upgraded facility, owned and operated by Mr. Kim. The existing property is an under-utilized opportunity site; the hotel’s design is long-outdated, with a surface parking lot, and the property is in great need of significant physical infrastructure improvements.

Young Kim is a first generation immigrant from South Korea, and self-made entrepreneur. Mr. Kim immigrated from South Korea in 1976, at the age of 26. He served in the U.S. Army, and after being honorably discharged, began a lifetime of diligent and determined work with a small business in South San Francisco. Over the years, Mr. Kim built a reputation of hard work and exemplary service, and his success led to the opportunity to purchase the Pacific Heights Inn. The motel is well-run and profitable. Mr. Kim is involved in every aspect of the business, down to the separation of recyclables.

However, as stated, improvements to the property are long overdue. The Project will make a significant contribution to the Union Street commercial district. The new hotel is thoughtfully designed, offers a number of significant community benefits, is supported by the neighborhood, including the Union Street Association, is compatible with the existing scale of development in the area, and adds much-needed hotel rooms to a location with easy access to

James A. Reuben | Andrew J. Junius | Kevin H. Rose | Daniel A. Frattin | John Kevlin
Tuija I. Catalano | Jay F. Drake | Matthew D. Visick | Lindsay M. Petrone | Sheryl Reuben¹
Thomas Tunny | David Silverman | Melinda A. Sarjapur | Mark H. Loper | Jody Knight
Chloe V. Angelis | Corie A. Edwards | Coryn E. Millslagle | Jared Eigerman^{2,3} | John McInerney III²

1. Also admitted in New York 2. Of Counsel 3. Also admitted in Massachusetts

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Oakland Office
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tel: 510-257-5589

www.reubenlaw.com

many of San Francisco's tourist attractions. Renderings of the new hotel and the Project drawings are attached as EXHIBIT A.

A. The Project is Necessary and Desirable for the Neighborhood

1. Notable and Compatible Design

The Project's building design responds to the neighborhood context and setting; materials have been selected to be durable and relate to the residential scale of the city block. The proposed four-story building façade fills in the street wall gap along the Union Street façade; the street front currently is broken by the ground-level off-street parking spaces of the existing motel. The proposed lobby locates the lobby function immediately at the street front, contributing to the street activation, and the ground level storefront provides direct sightlines to the lobby, breakfast and lounge areas.

The proposed development's massing has been composed into three stepped volumes along Union Street that relate to the width and height proportions of the adjacent commercial and residential lots. The stepped roof form serves to accentuate the natural topography of the site.

The building's thoughtful massing along the rear property lines takes into account the neighboring structures to be mindful of sightlines, and improves conditions for the neighbors. The rear courtyard looks out over a single-story green roof, which lowers the building bulk for neighbors from the existing structure and creates a more pleasing view area and a rear garden feel.

2. Appropriate Location

The Project is appropriate for and compatible with the neighborhood. It revitalizes an under-utilized property and is ideally located for tourists. The location is well-served by public transit and within a short distance of the Golden Gate Bridge, the Presidio, Fisherman's Wharf, and the restaurants and boutiques of Union Street.

The General Plan notes that various activities comprising the visitor trade industry should be encouraged to locate in geographical proximity to each other. This is in part to allow visitors to move easily from hotels and restaurants to tourist locales. Similarly, it lessens the need for automobile or transit trips, and relieves any additional strain on the public transit system. The Project's location accomplishes this policy: the Project is located near various amenities catering to a tourist and visitor clientele.

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tel: 510-257-5589

3. The Project is Code-Compliant

The Project is fully Code-compliant and meets Planning Code Section 303's Conditional Use findings as follows.

The hotel use is compatible with the existing mix of neighborhood uses. It is a mixed-use neighborhood that includes tourist hotels, restaurants, offices, and retail, as well as residences. The size and massing of the proposed development is consistent with the existing neighborhood. The 100-room hotel will support the visitor component of San Francisco's economy, strengthen local neighborhood businesses, and offer potential employment opportunities to City residents.

The proposed hotel has been designed to blend smoothly into its immediate context; the design respects the scale and character of adjacent buildings. The hotel will be designed to the standards of the current City Building Code which minimizes noxious and offensive emissions, and the hotel use generates minimum noise, dust, and odor. Vehicular guest drop off and loading for building servicing will be on a ramped drive-through within the development, so as to minimize the hotel's impact on Union Street.

The Project location is well-served by public transportation. It is on the 41 and 45 Muni bus line routes and is within walking distance of the 28, 30, 47 and 49 bus line routes. The Project site also is less than one block from Van Ness Avenue and the new Van Ness Bus Rapid Transit line. The Project will provide 8 Class 1 and 8 Class 2 bicycle parking spaces, and 2 car share spaces.

The Project Sponsor will seek to employ residents of San Francisco at the hotel in compliance with Planning Code Section 303(g)(2). The Project's hotel market study evidences the ample market demand for the proposed hotel type. (Plan. Code § 303(g)(3).)

The proposed development complies with all of the applicable portions of the San Francisco Planning Code. The development responds positively to all of the provisions of the San Francisco Master Plan and directly supports its Commerce and Industry, Transportation, and Urban Design goals.

B. Outreach and Support

The Project Sponsor has engaged in a significant amount of outreach with the local community. The Union Street Association supports the Project, and 26 letters of support are attached as EXHIBIT B.

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C. Community Benefits

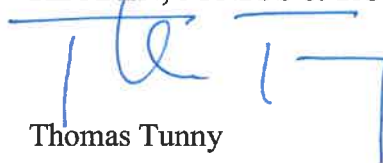
The Project will offer a range of community benefits. It will lead to both temporary construction jobs and permanent hotel employment opportunities, as well as much-needed housing. The Project provides on-site bicycle parking spaces, reduced off-street parking and car share spaces. It exceeds its Transportation Demand Management point requirement, as well. Finally, it will pay a host of impact fees and taxes, including the Transient Occupancy Tax, the Child Care Fee, and the Transportation Sustainability Fee.

D. Conclusion

This well-designed Project brings a much-needed revitalization to a unique opportunity site ideal for tourists. It is designed to be contextual and compatible with its setting and the neighborhood. The Project will offer a host of community benefits, including increased employment opportunities, one-time impact fee payments, and ongoing payment of the Transient Occupancy Tax. For all of these reasons, we respectfully request the Commission approve the Project.

Sincerely,

REUBEN, JUNIUS & ROSE, LLP



Thomas Tunny

Enclosures

cc: Vice-President Dennis Richards
Commissioner Rodney Fong
Commissioner Christine Johnson
Commissioner Joel Koppel
Commissioner Myrna Melgar
Commissioner Kathrin Moore
Jonas Ionin – Commission Secretary
Brittany Bendix – Project Planner
Young Kim
Stanton Architecture

San Francisco Office
One Bush Street, Suite 600, San Francisco, CA 94104
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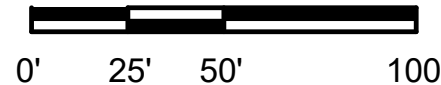
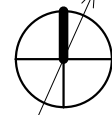
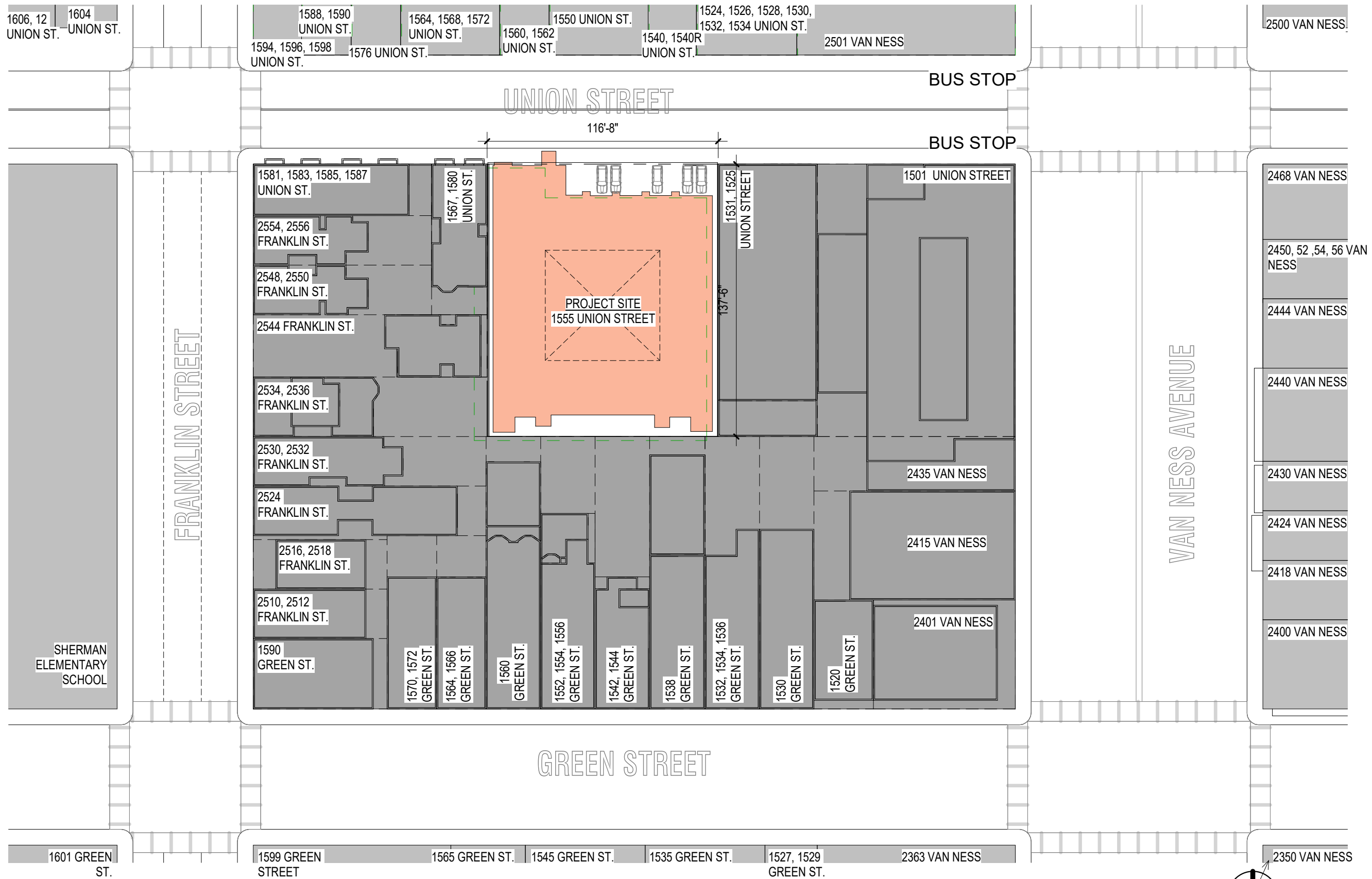
Oakland Office
827 Broadway, Suite 205, Oakland, CA 94607
tel: 510-257-5589

PROPOSED HOTEL - 1555 UNION STREET
2014.1364 CUA



ADDRESS: 1555 UNION STREET
PARCEL: 0546
LOT: 001B
ZONING DISTRICT: NCD
HEIGHT/BULK: 40X
LOT SIZE: 16038 SF

000	COVERSHEET	505	SITE SECTION LOOKING WEST AT PL
002	EXISTING VICINITY PLAN	705	SECTION 139 REAR YARD
003	PHOTOGRAPHS	801	1560 GREEN ST
011	EXISTING SITE PLAN	803	1552 GREEN ST
012	PROPOSED SITE PLAN	805	1542 GREEN ST
101	EXISTING BLDG FIRST LEVEL PLAN	806	1538 GREEN ST
102	EXISTING BLDG SECOND PLAN	810	2544 FRANKLIN ST
200	FLOOR PLAN - PARKING LEVEL	811	2534 FRANKLIN ST
201	FLOOR PLAN - FIRST LEVEL		
202	FLOOR PLAN - SECOND LEVEL		
203	FLOOR PLAN - THIRD LEVEL		
205	ROOF PLAN		
210	RENDERING		
211	RENDERING		
212	RENDERING		
213	RENDERING		
214	RENDERING		
215	RENDERING		
301	EXTERIOR ELEVATIONS		
302	EXTERIOR ELEVATIONS		
303	UNION STREET ELEVATIONS		
304	MATERIALS & DETAILS		
501	BUILDING SECTIONS		
502	BUILDING SECTIONS		
503	BUILDING SECTION AT COURTYARD		



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LOOKING EAST FROM FRANKLING STREET



COURTYARD VIEW OF EXISTING BUILDING 1 (NORTH WEST)



COURTYARD VIEW OF EXISTING BUILDING 2 (NORTH EAST)



COURTYARD VIEW OF EXISTING BUILDING 3 (EAST)



LOOKING AT FRONT OF EXISTING BUILDING (CURRENTLY PACIFIC HEIGHTS INN)



ENTRANCE OF EXISTING BUILDING (UNION ST FACADE)

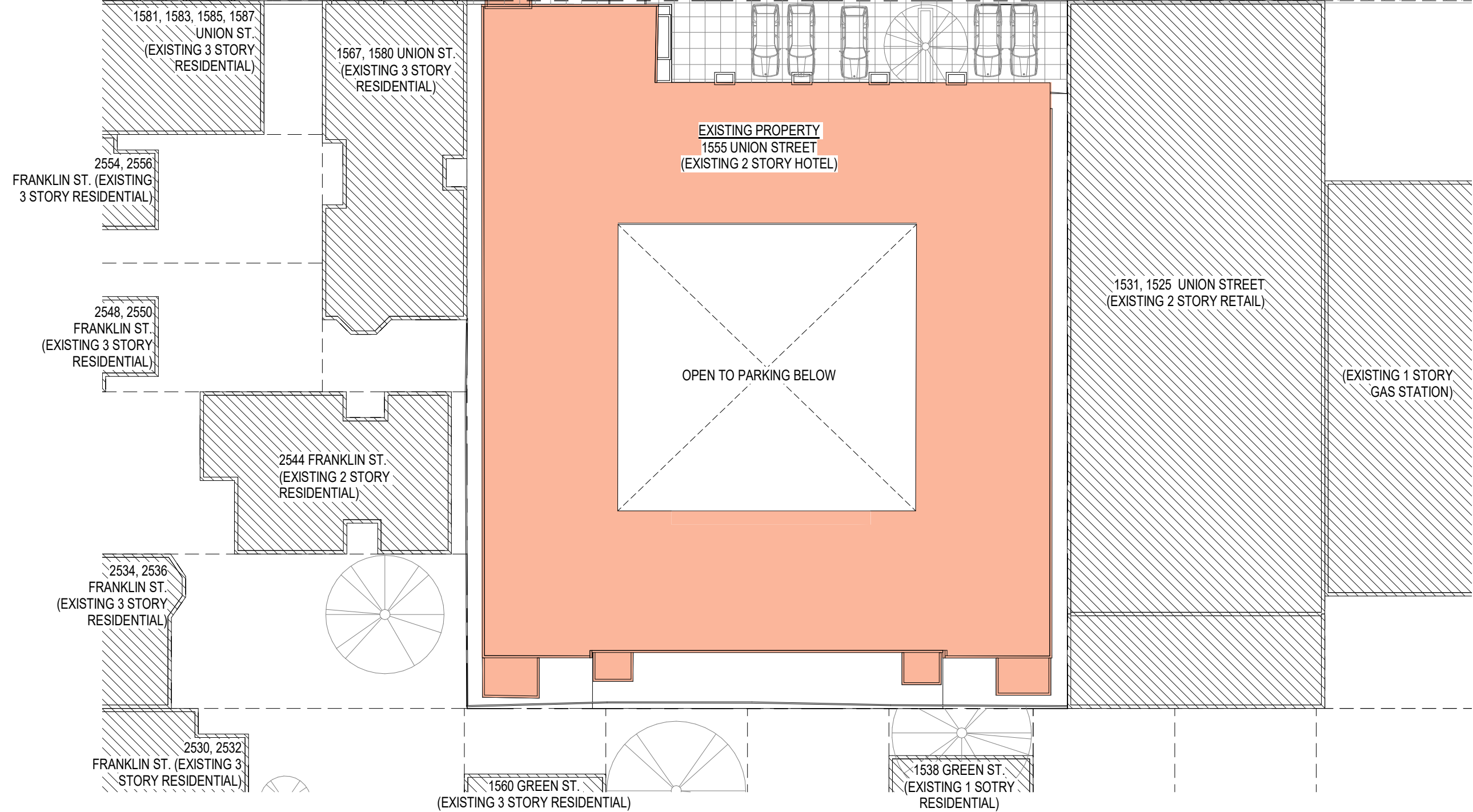


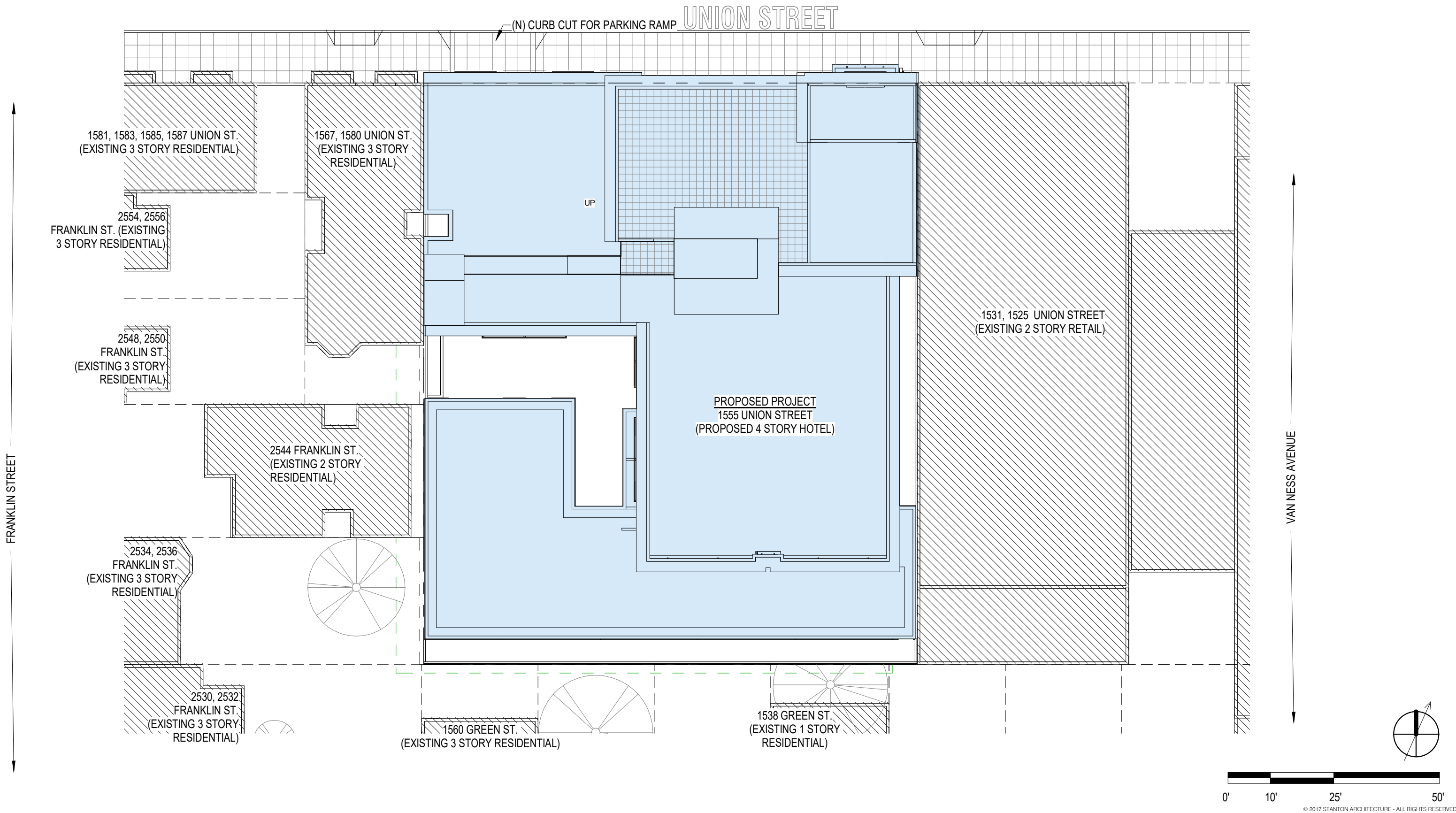
LOOKING WEST FROM VAN NESS AVENUE

UNION STREET

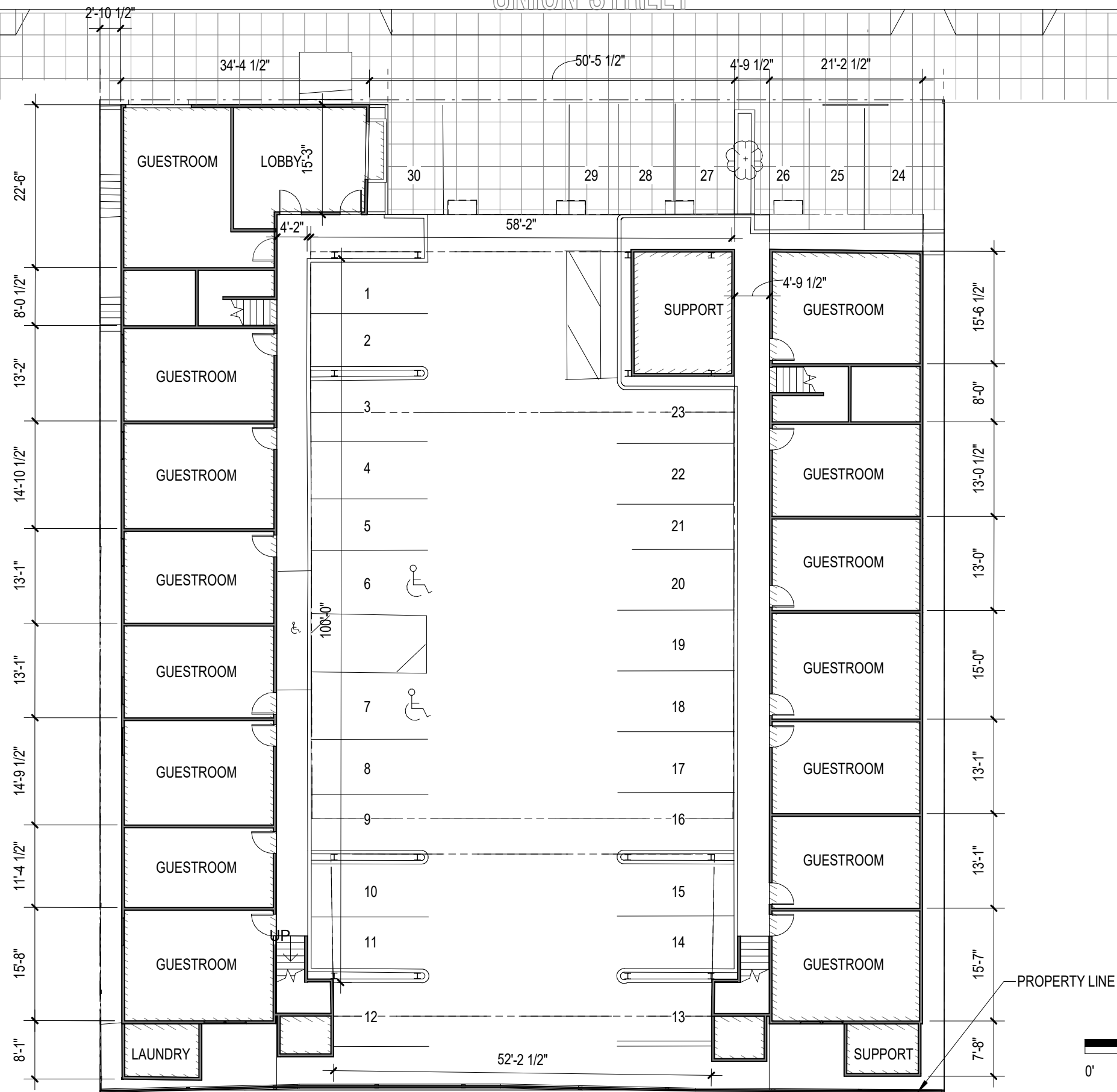
FRANKLIN STREET

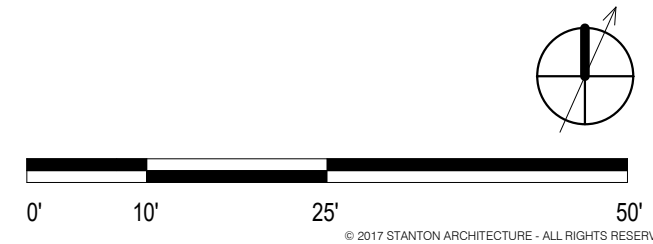
VAN NESS AVENUE

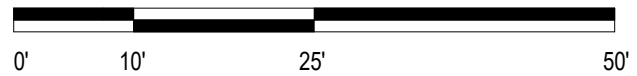
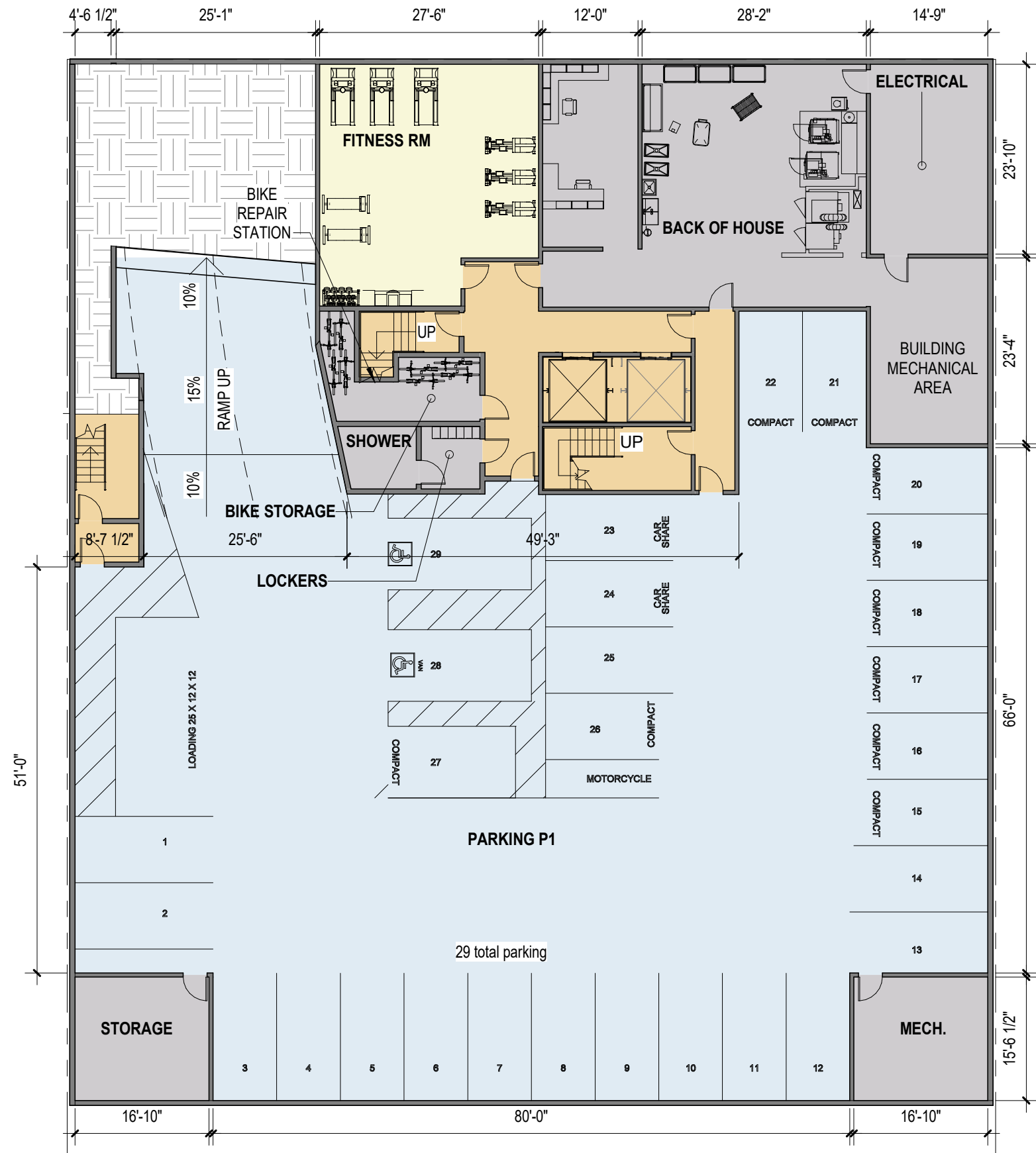




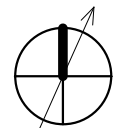
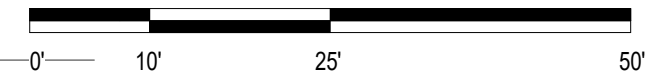
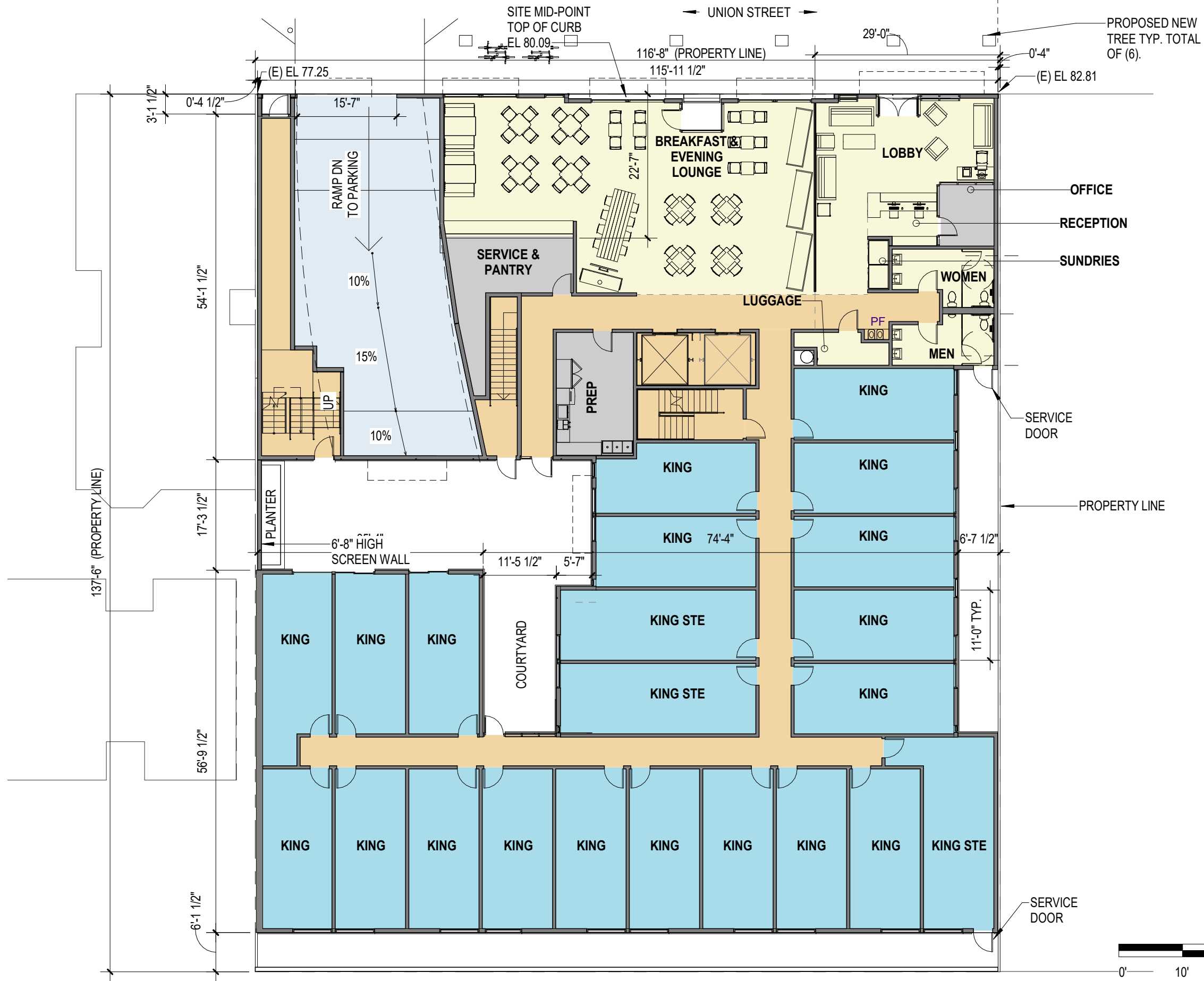
UNION STREET



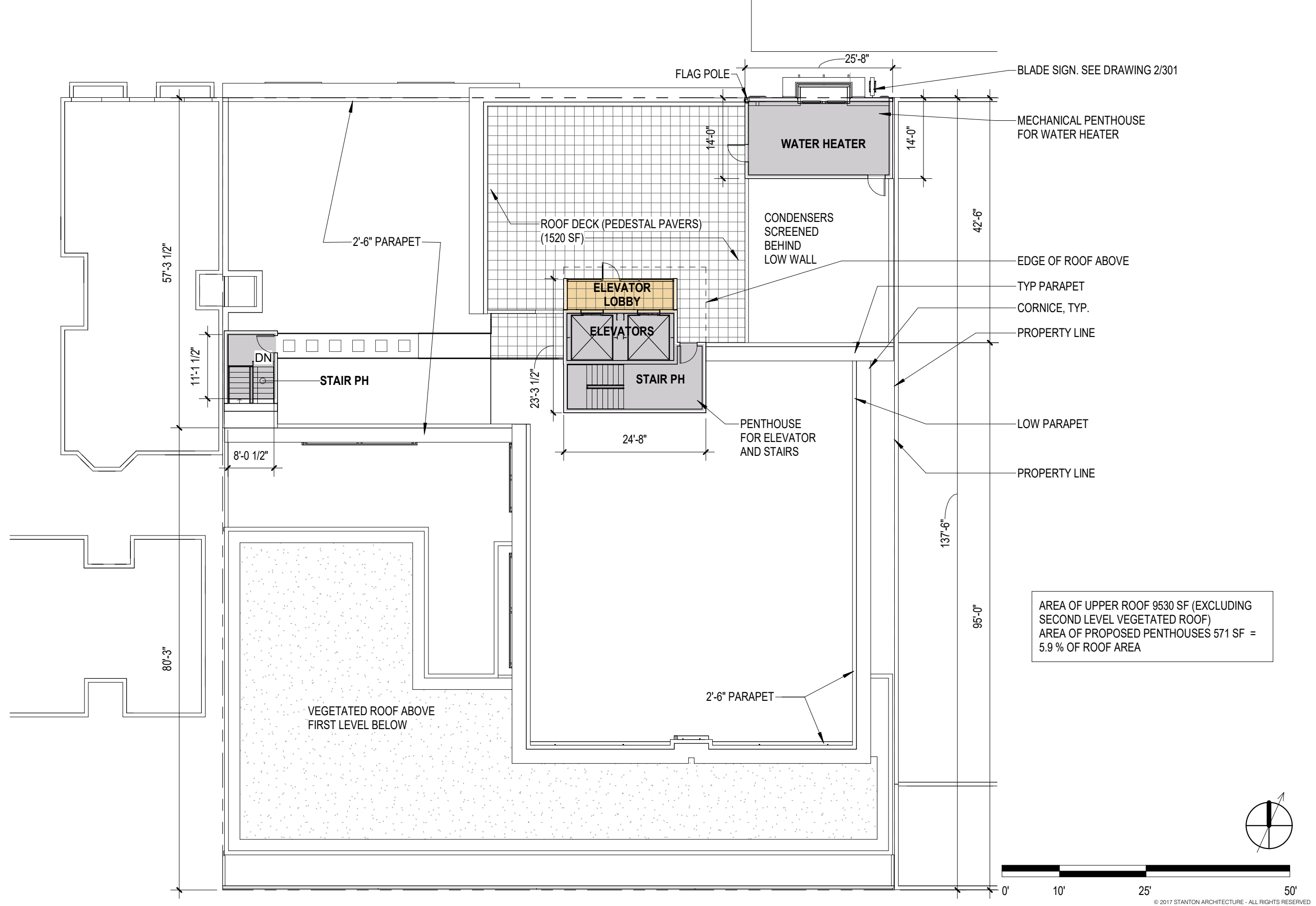




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PROPOSED 2465
VAN NESS
DEVELOPMENT

PROPOSED
1555 UNION ST
DEVELOPMENT



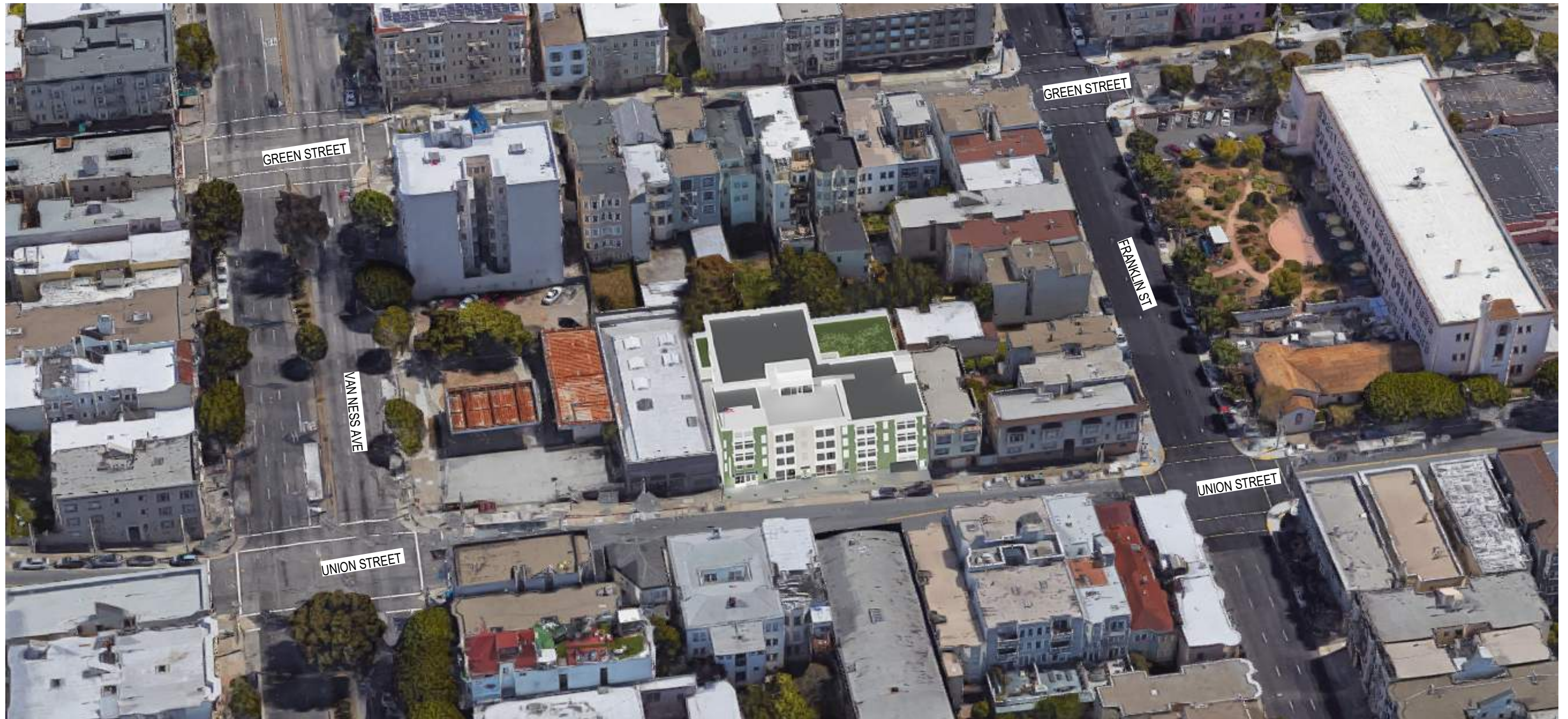
AERIAL VIEW ALONG UNION STREET, LOOKING TOWARDS VAN NESS AVENUE

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VIEW FROM UNION STREET LOOKING SOUTH EAST

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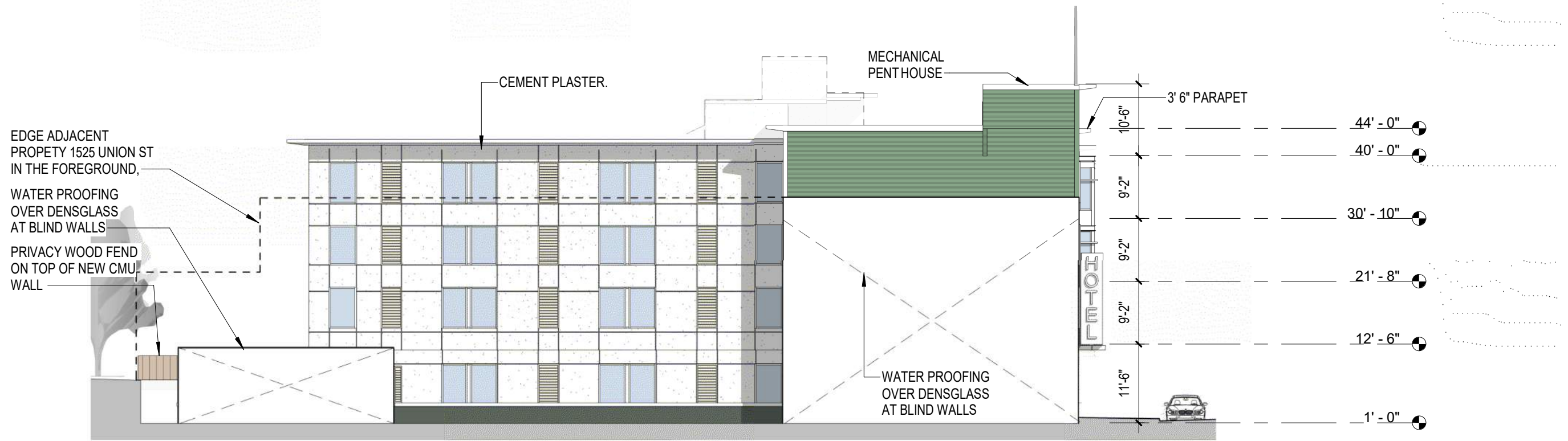
AERIAL VIEW OF LOWER GREEN ROOF

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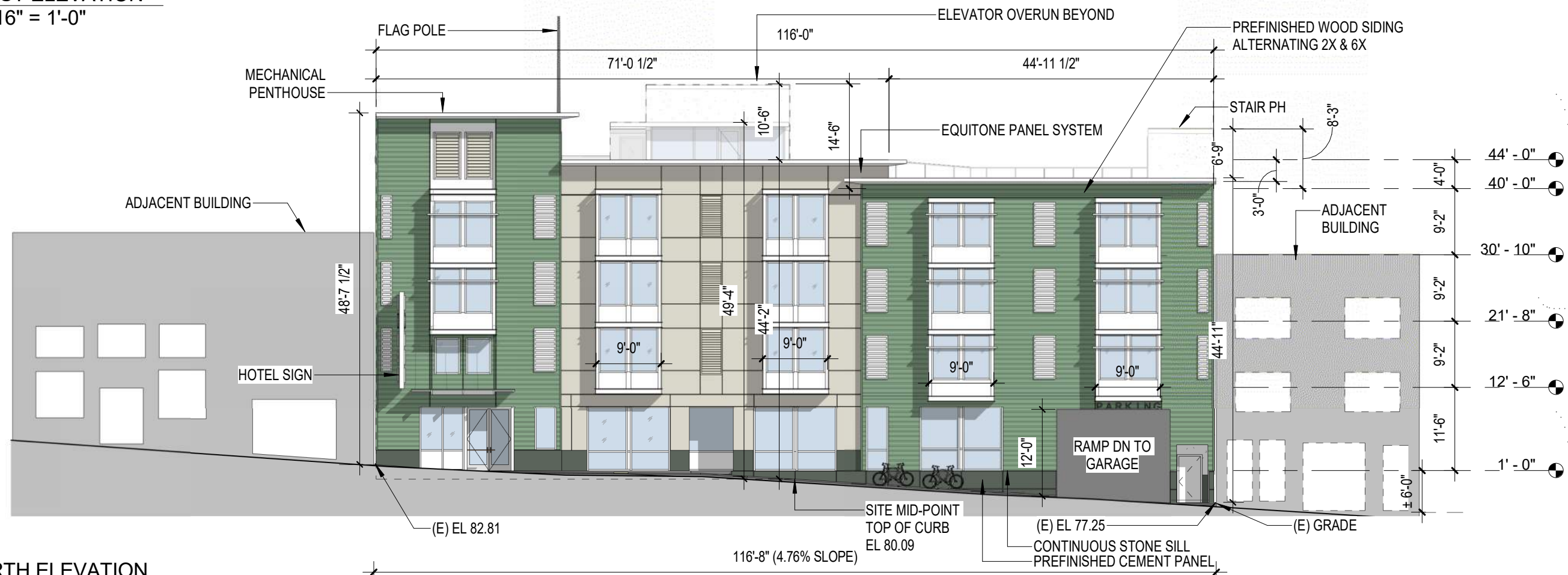


INTERNAL COURTYARD LOOKING EAST

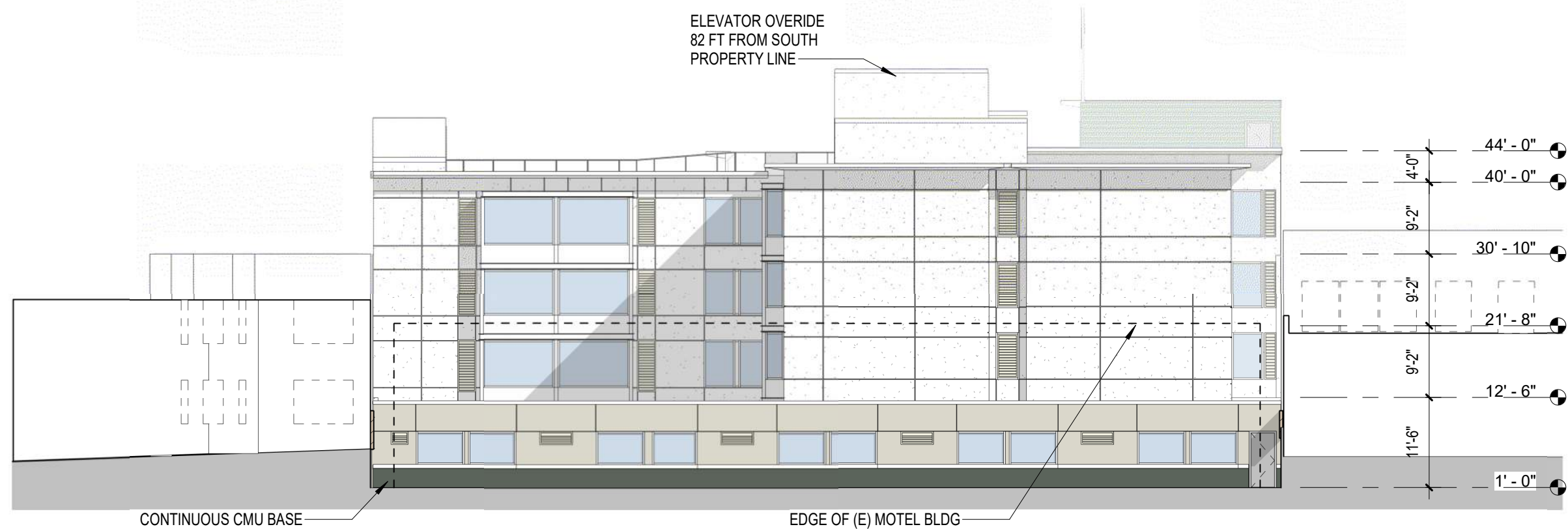
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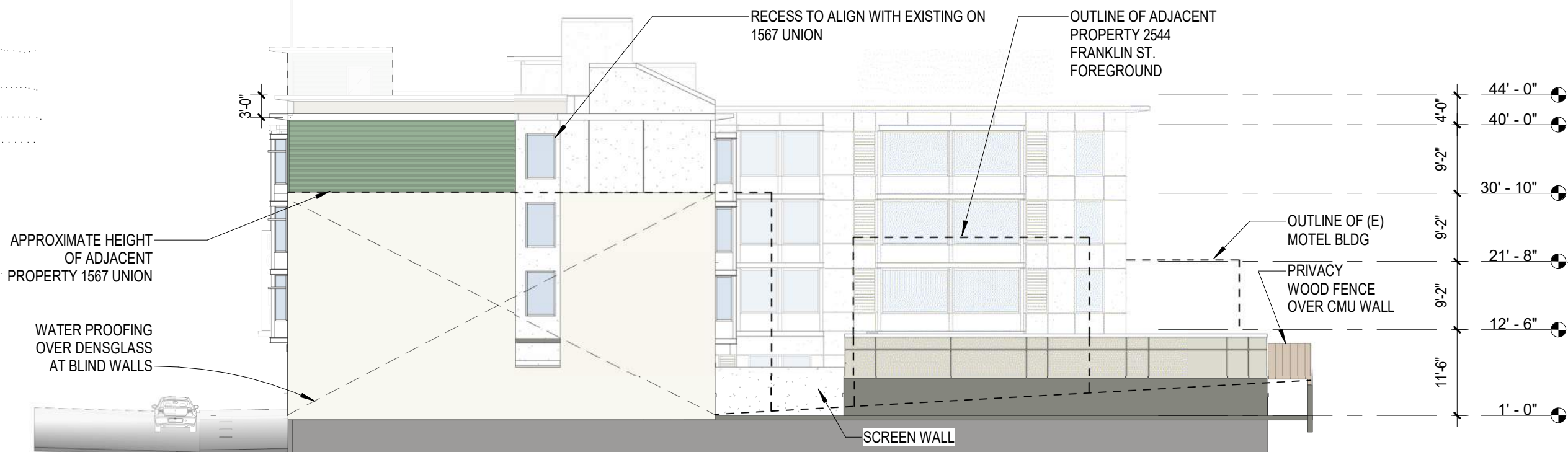
1 EAST ELEVATION
1/16" = 1'-0"



2 NORTH ELEVATION
1/16" = 1'-0"



① SOUTH ELEVATION
1/16" = 1'-0"



② WEST ELEVATION
1/16" = 1'-0"

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(E) UNION ST ELEVATION

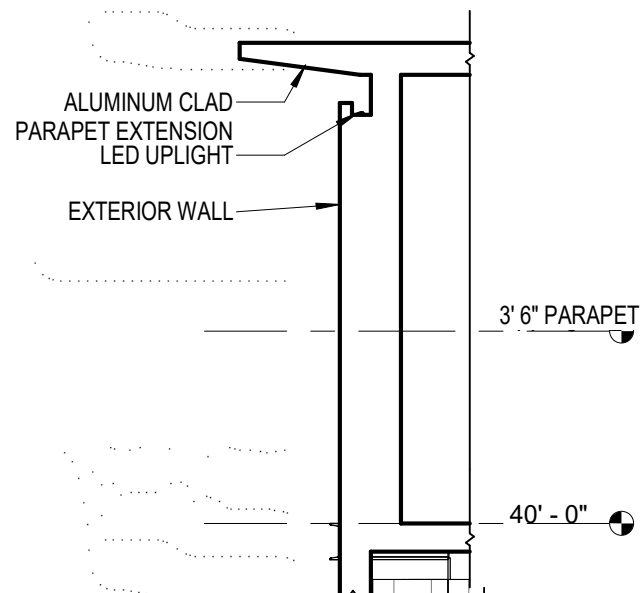


UNION ST ELEVATION W/ PROPOSED 1555 DEVELOPMENT

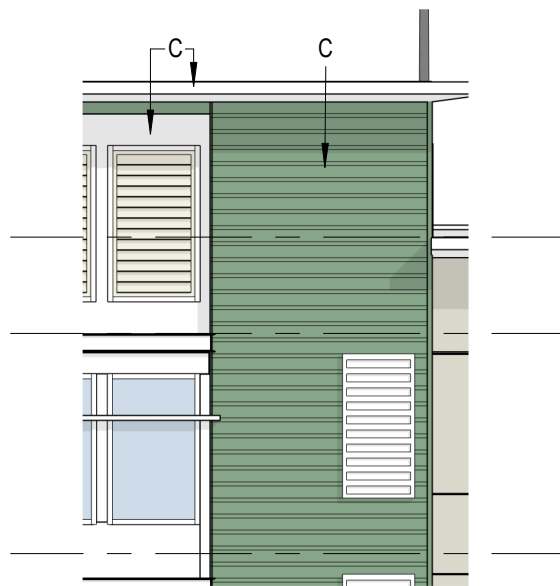


UNION ST ELEVATION W/ PROPOSED 1555 DEVELOPMENT AND 2465 VAN NESS

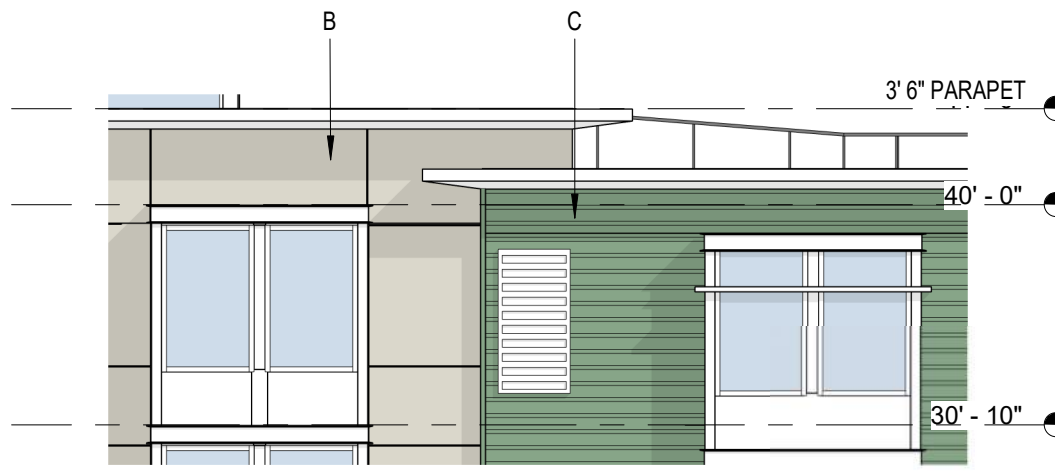
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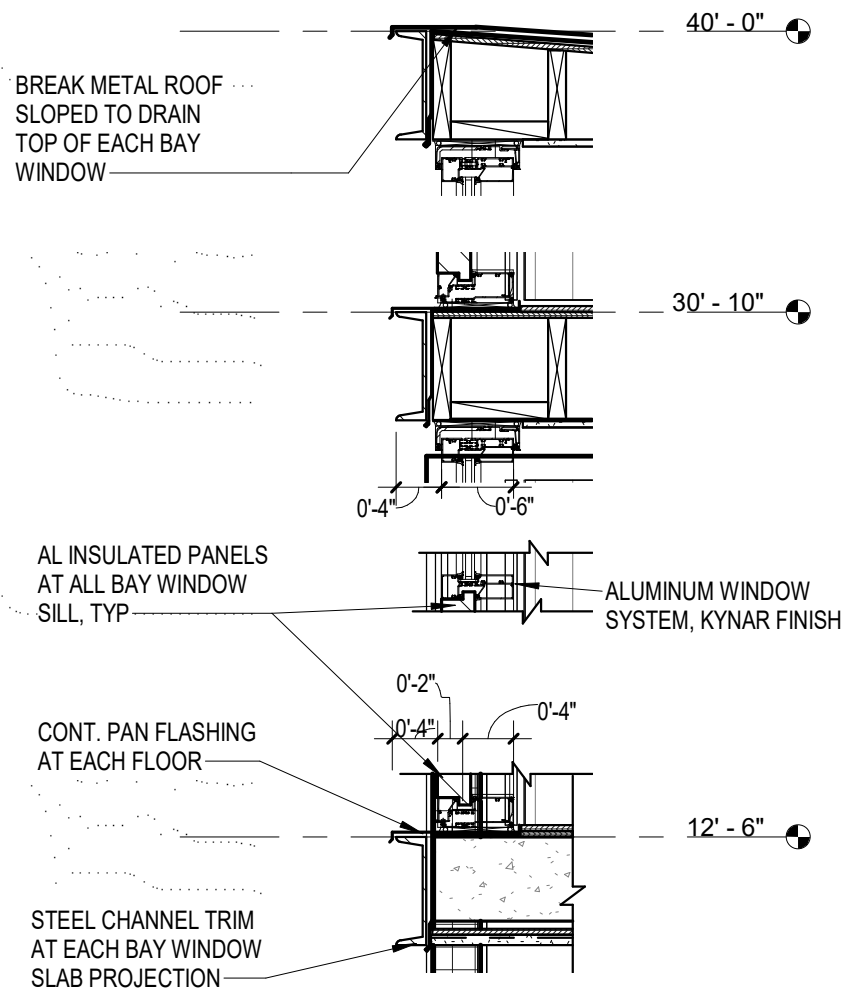
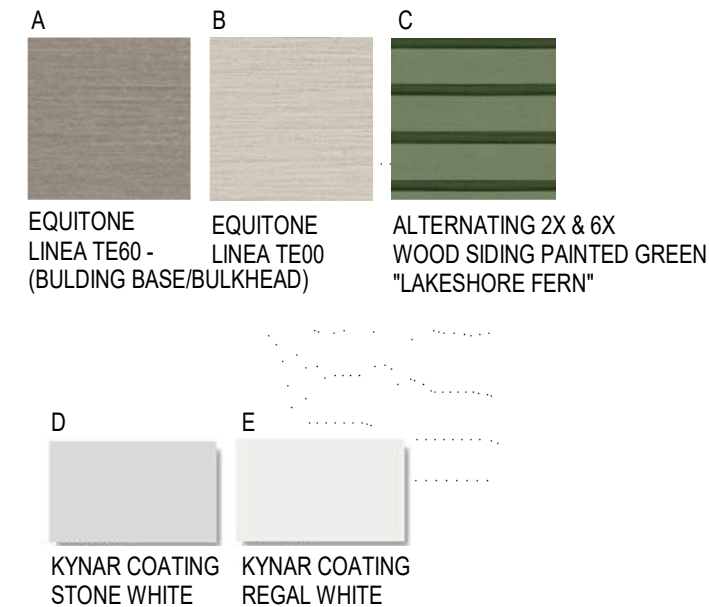
10 SECTION - ROOF PARAPET 1
1/4" = 1'-0"



8 PARTIAL ELEVATION - MATERIAL KEY
1/8" = 1'-0"



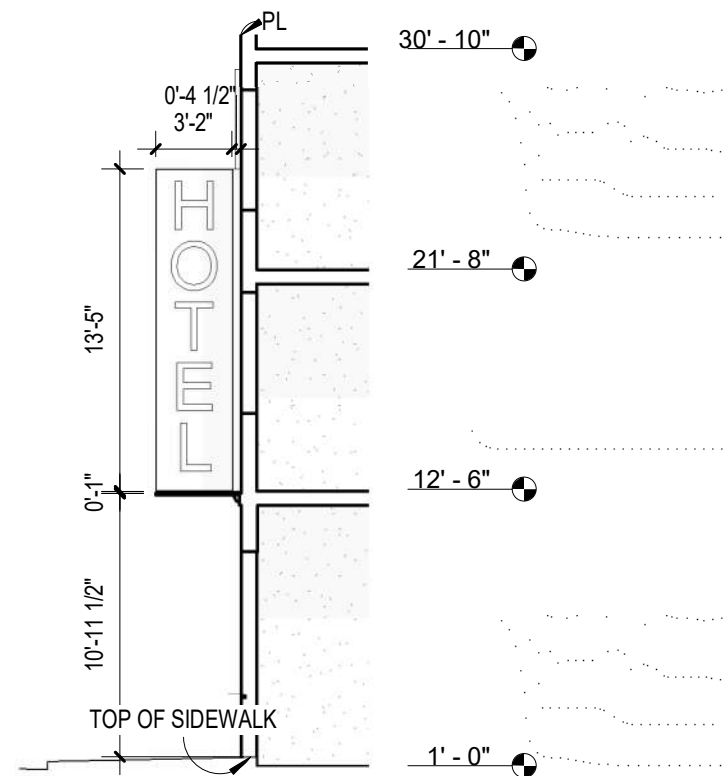
6 PARTIAL ELEVATION - MATERIAL KEY
1/8" = 1'-0"



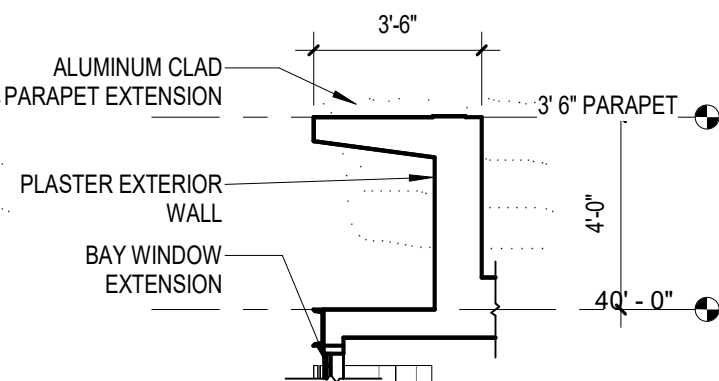
9 SECTION AT TYPICAL BAY WINDOW
3/4" = 1'-0"



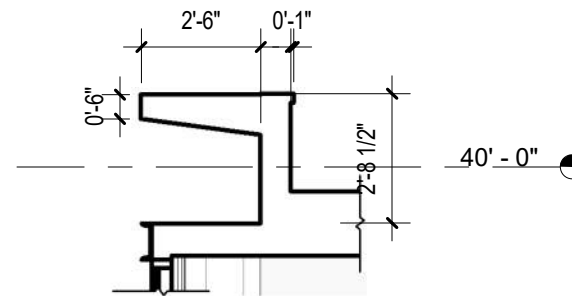
7 ENTRY ISO



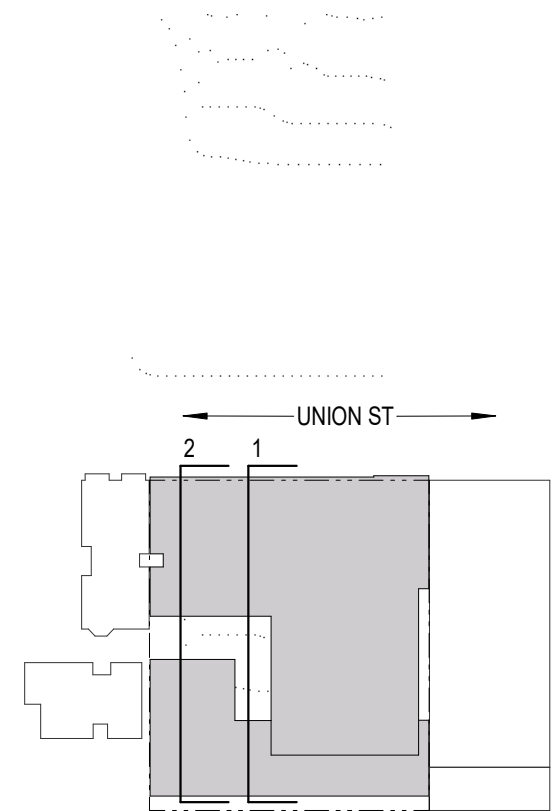
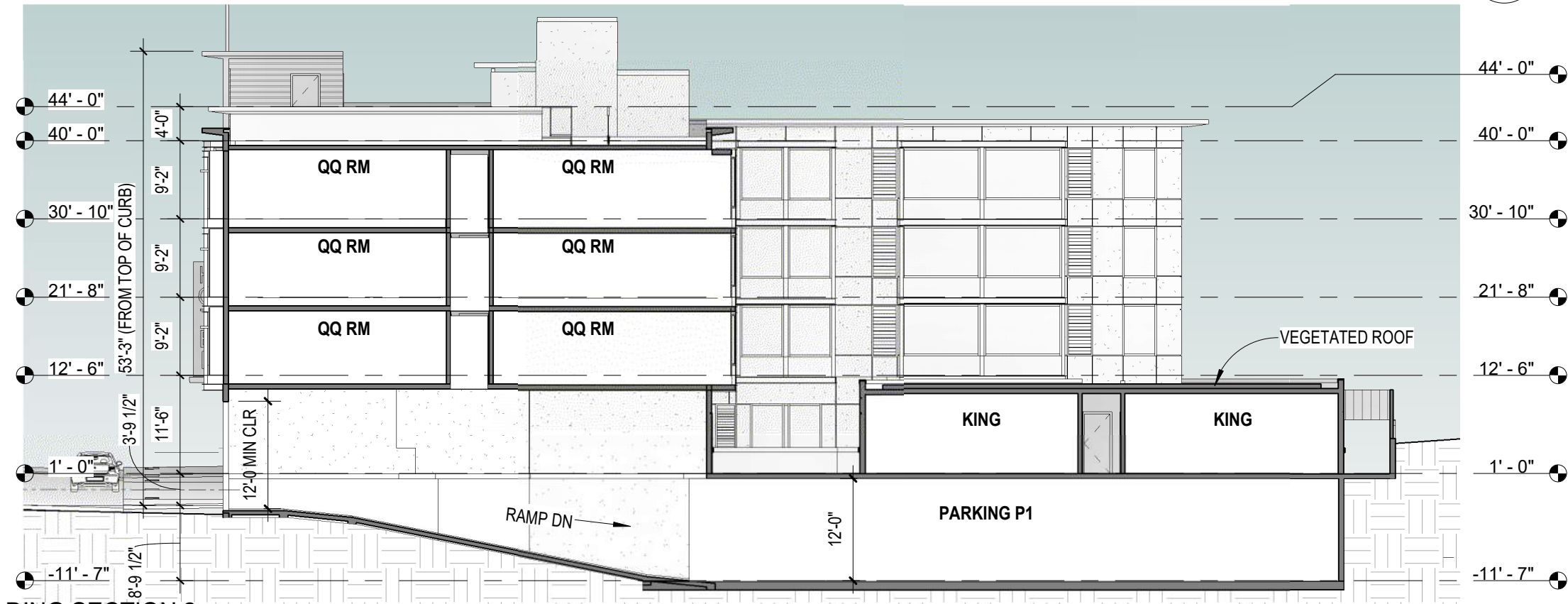
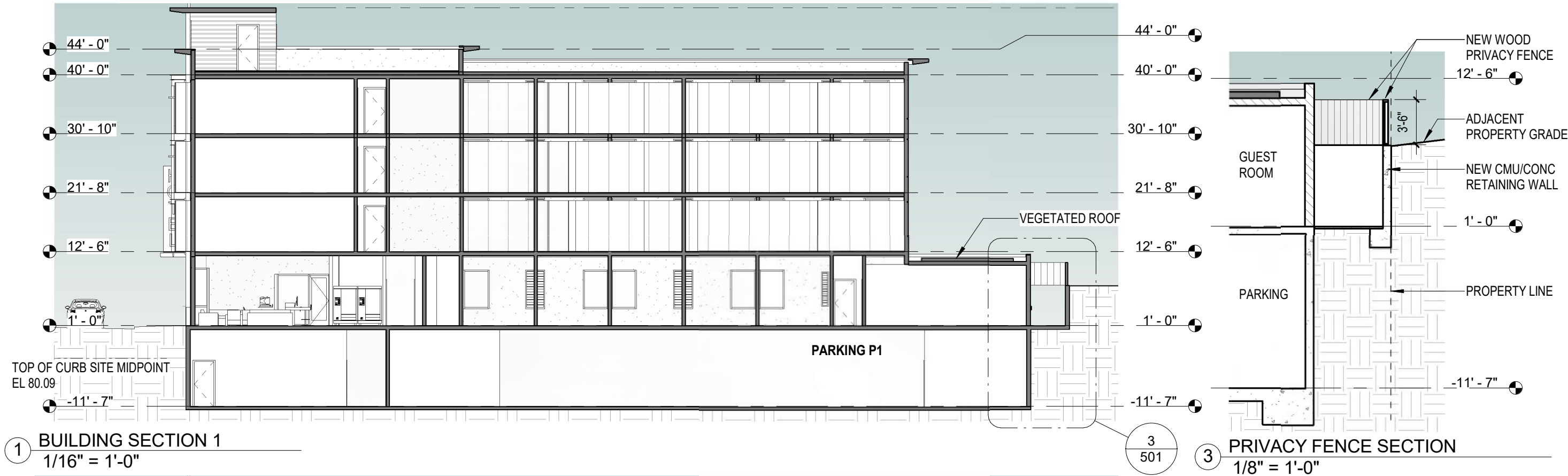
5 SECTION - BUILDING SIGN AND CANOPY
1/8" = 1'-0"



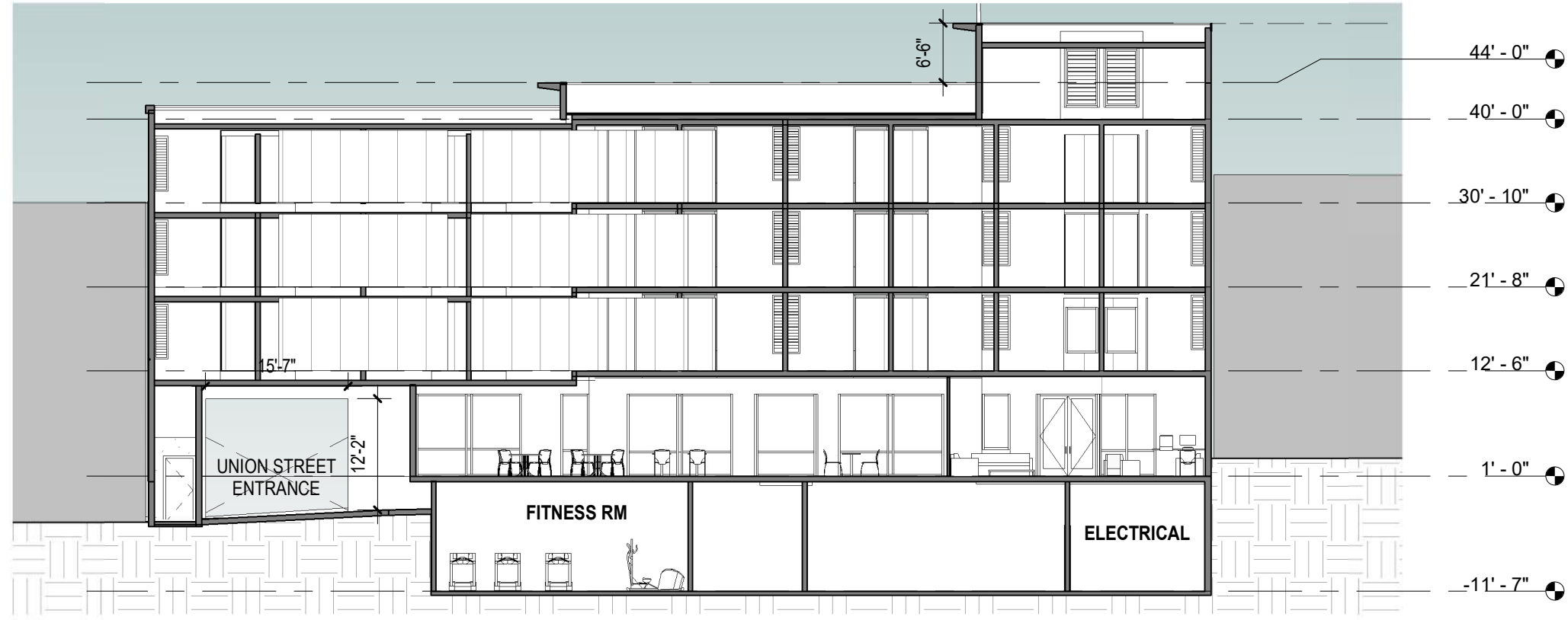
2 SECTION - ROOF PARAPET
1/4" = 1'-0"



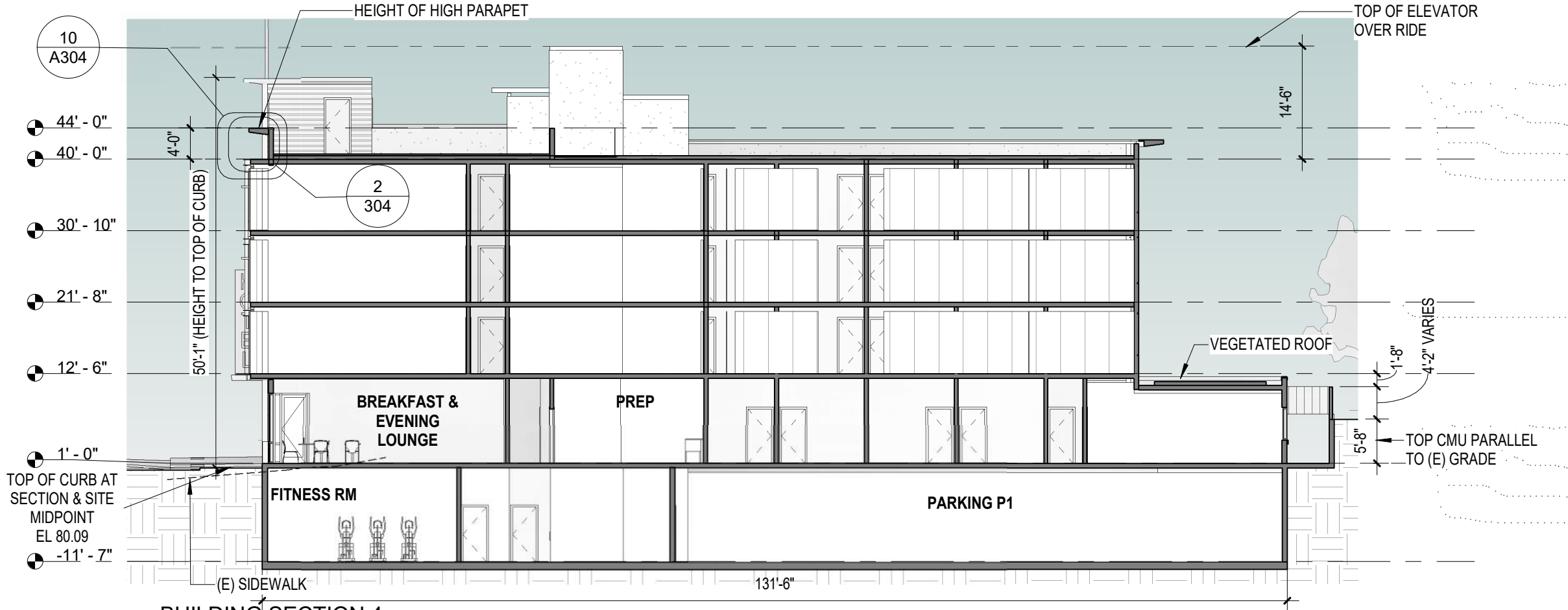
1 SECTION - ROOF PARAPET 3
1/4" = 1'-0"



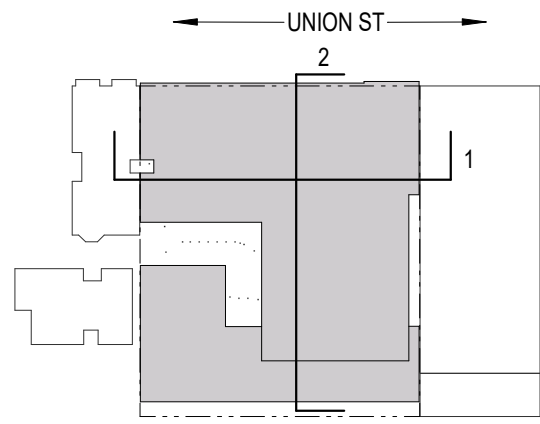
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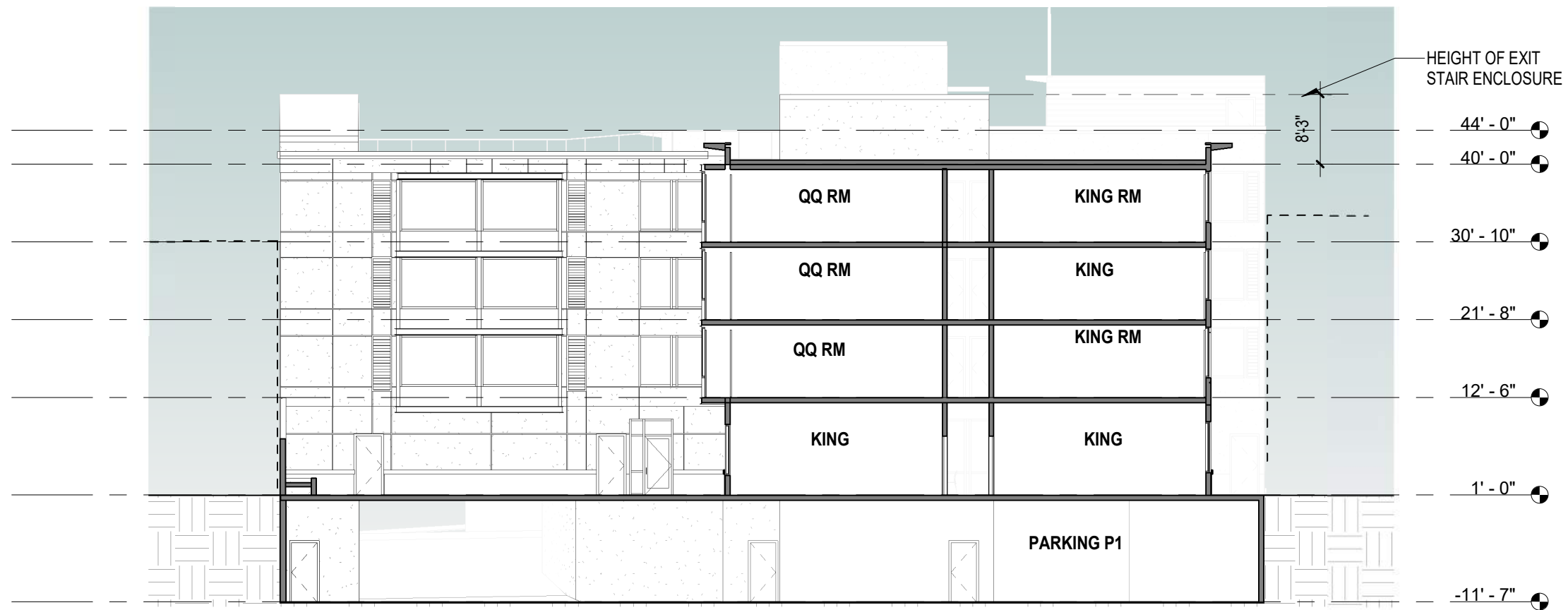
1 BUILDING SECTION 3
1/16" = 1'-0"



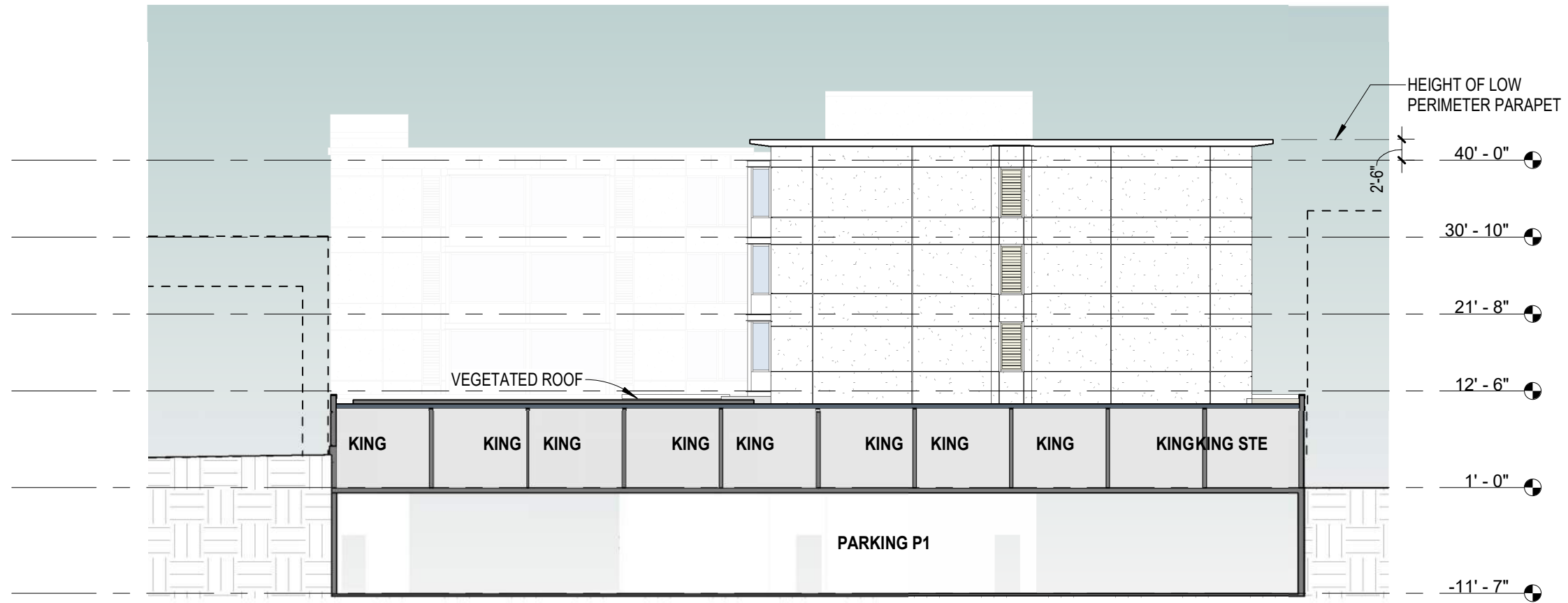
2 BUILDING SECTION 4
1/16" = 1'-0"



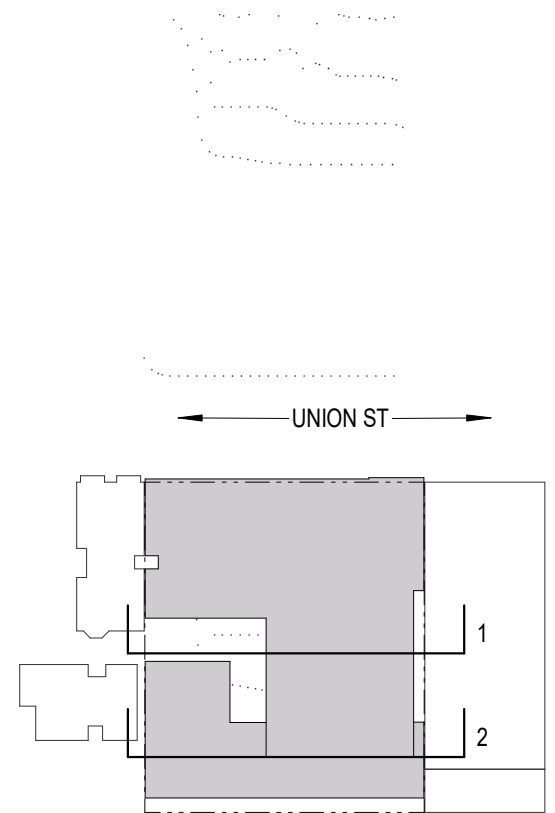
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① E/W BLDG SECTION AT COURTYARD
1/16" = 1'-0"



② E/W BLDG SECTION SOUTH END
1/16" = 1'-0"



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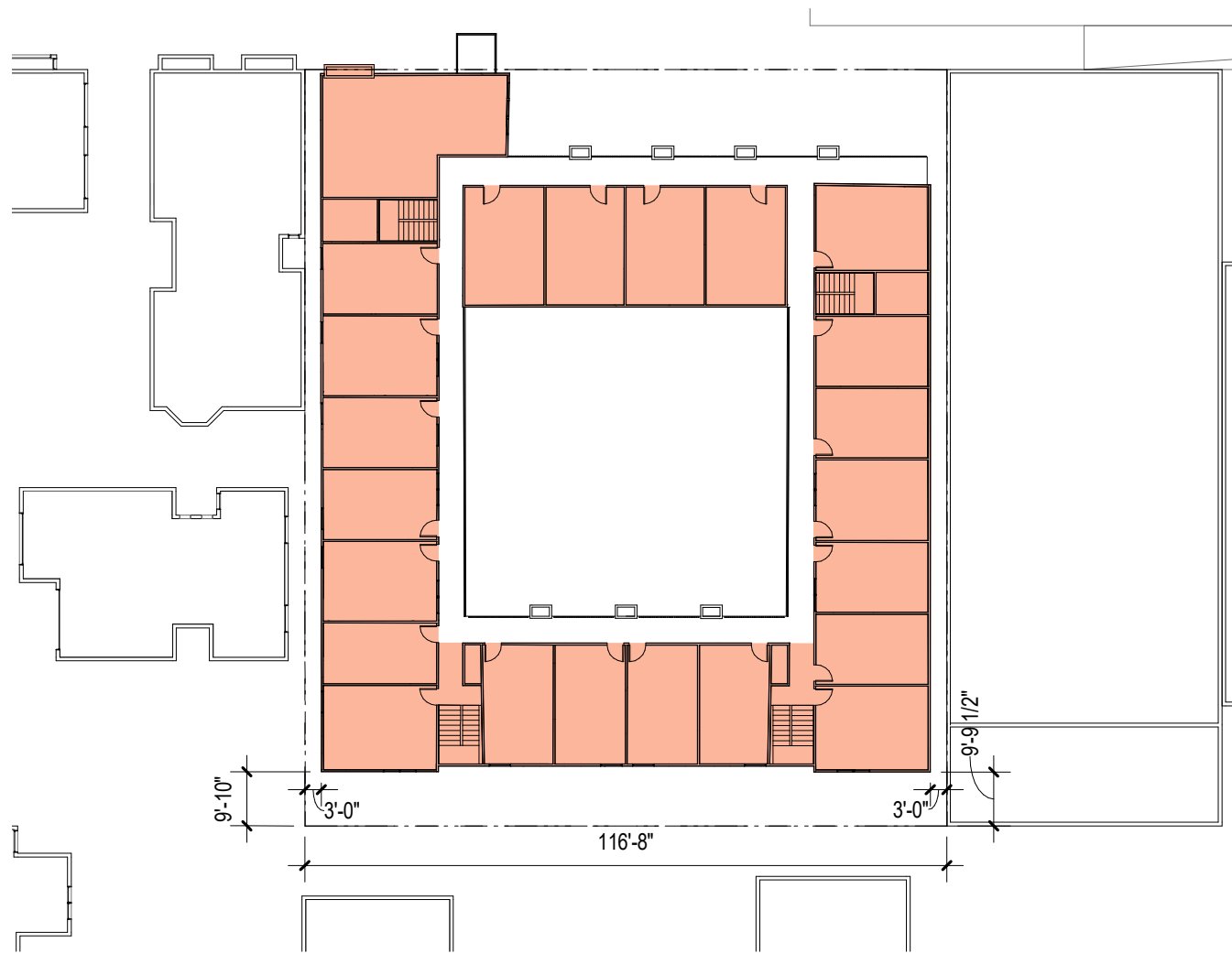


① Section 5
3/64" = 1'-0"

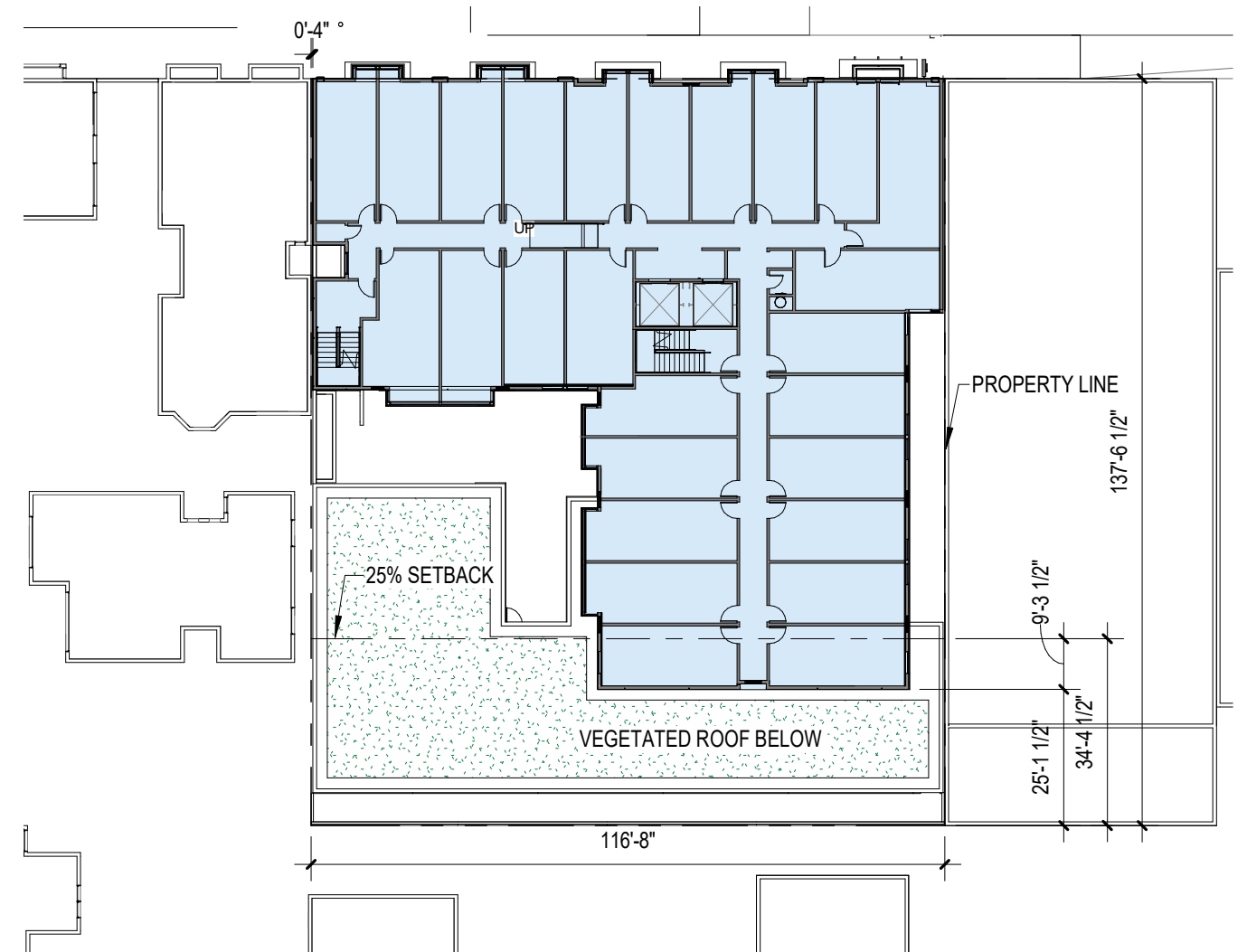


② Section 6
3/64" = 1'-0"

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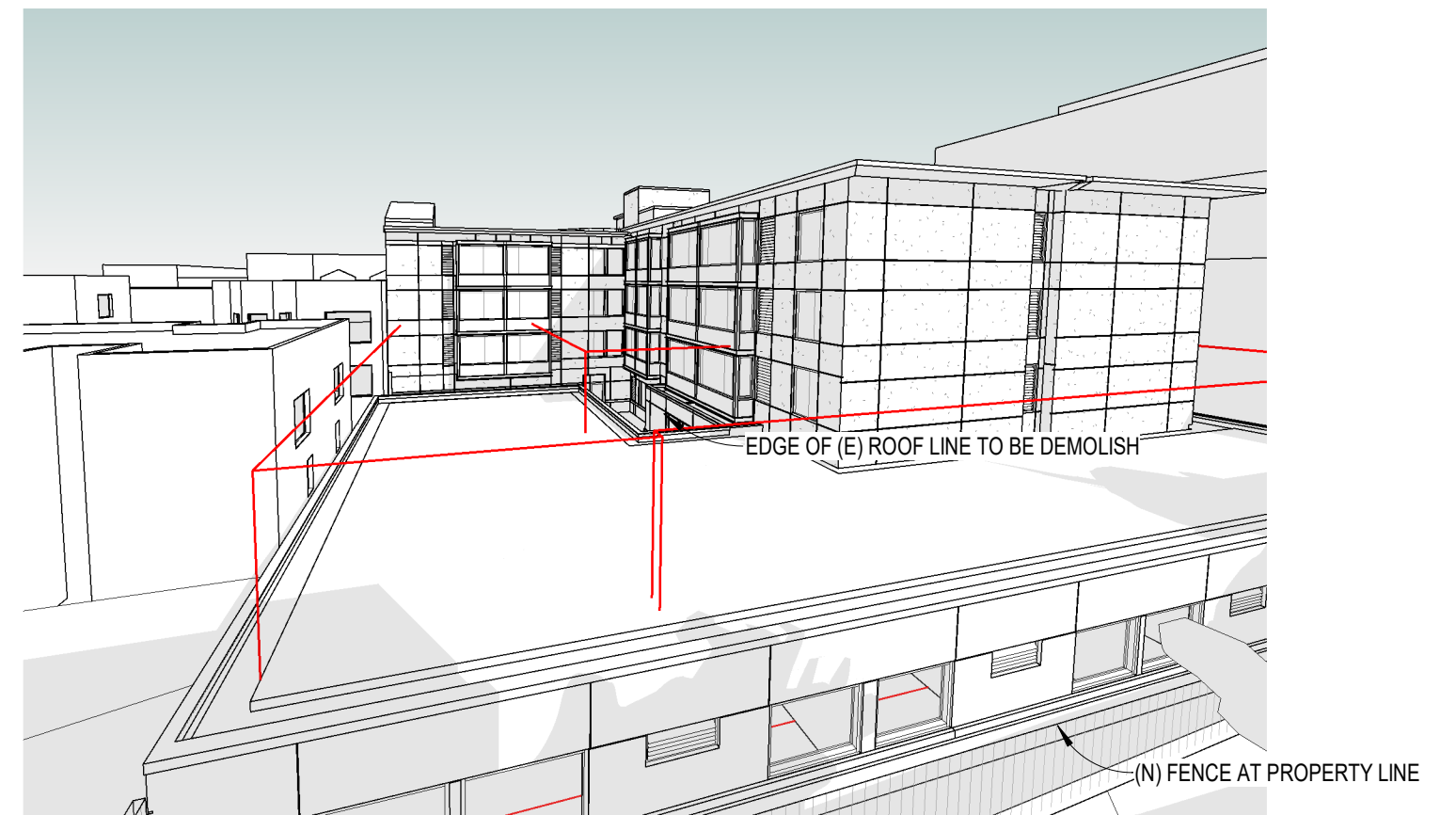
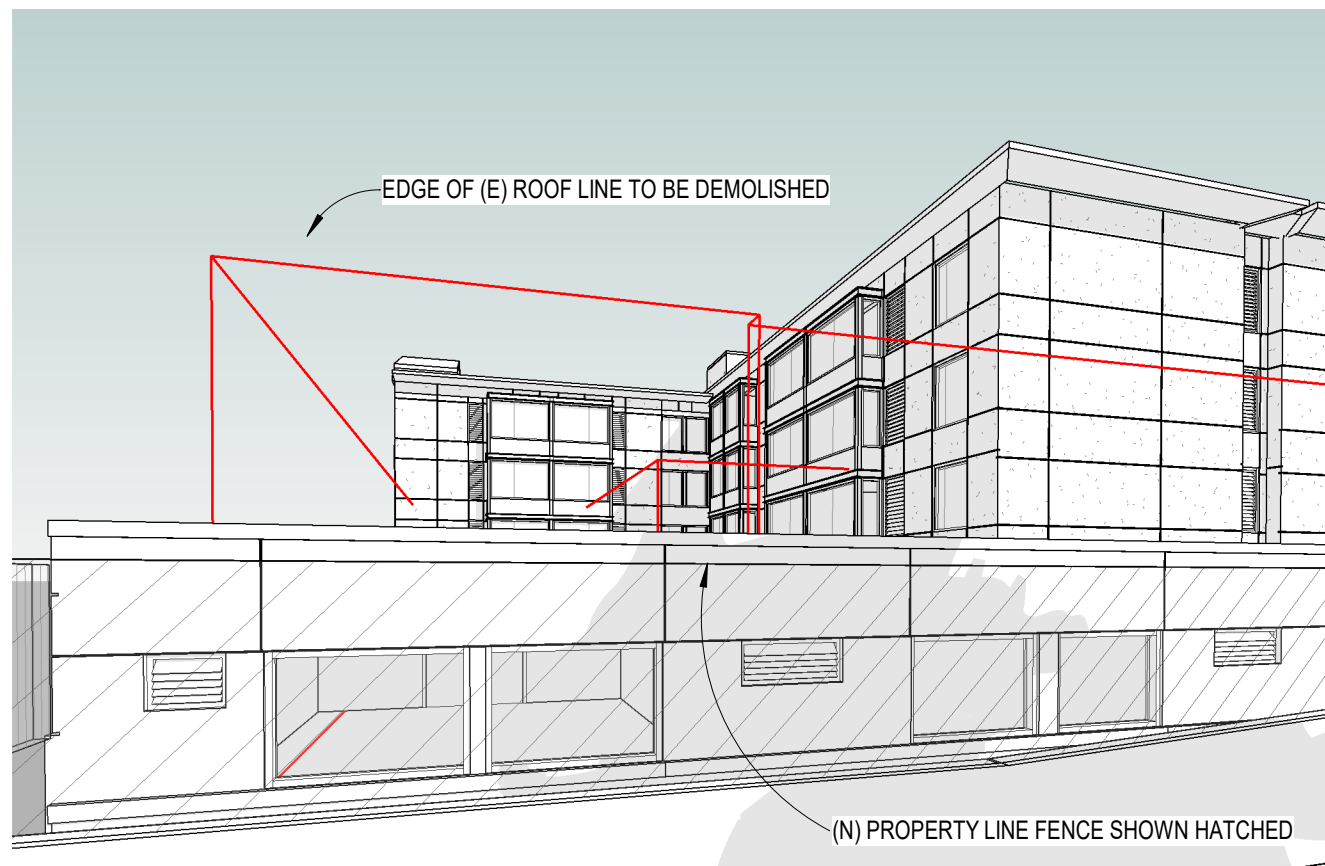


① REAR YARD - (E) SECOND FLOOR PLAN
1/32" = 1'-0"



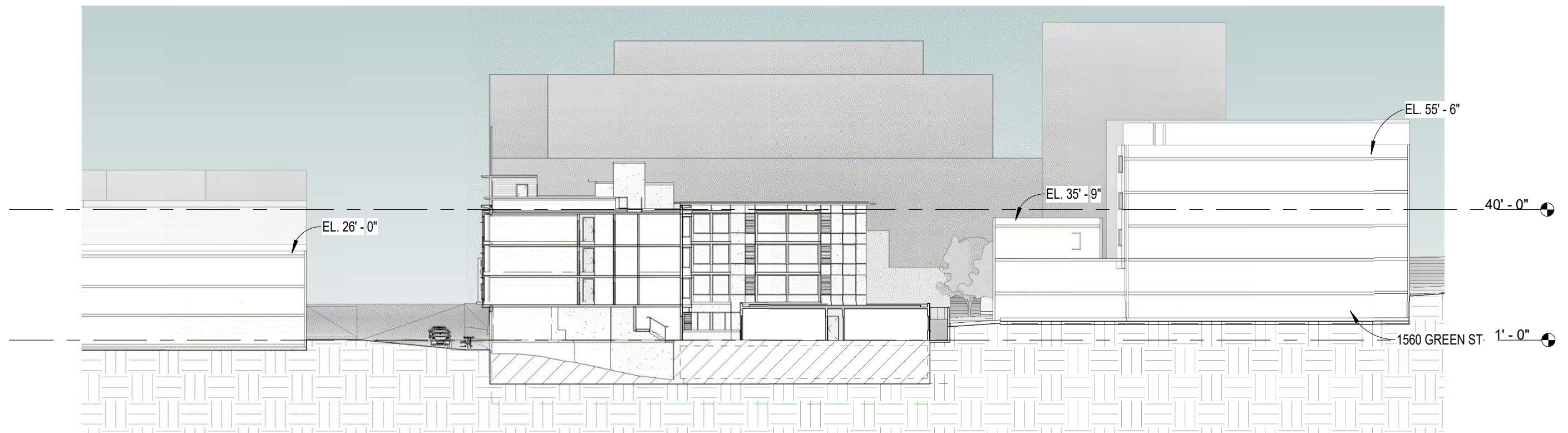
② REAR YARD - PROPOSED - LEVEL 2
1/32" = 1'-0"

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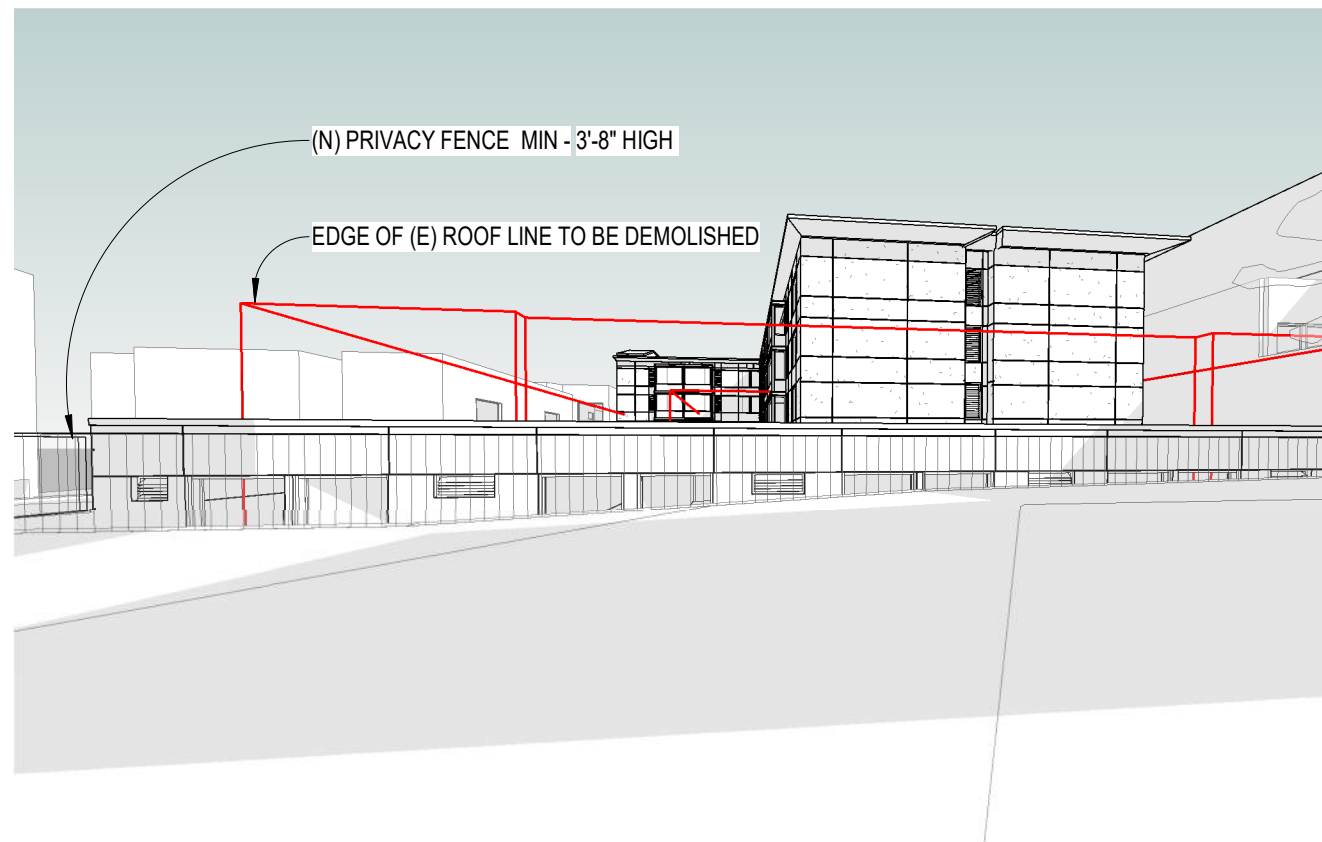


① 1560 GREEN ST GROUND FLOOR

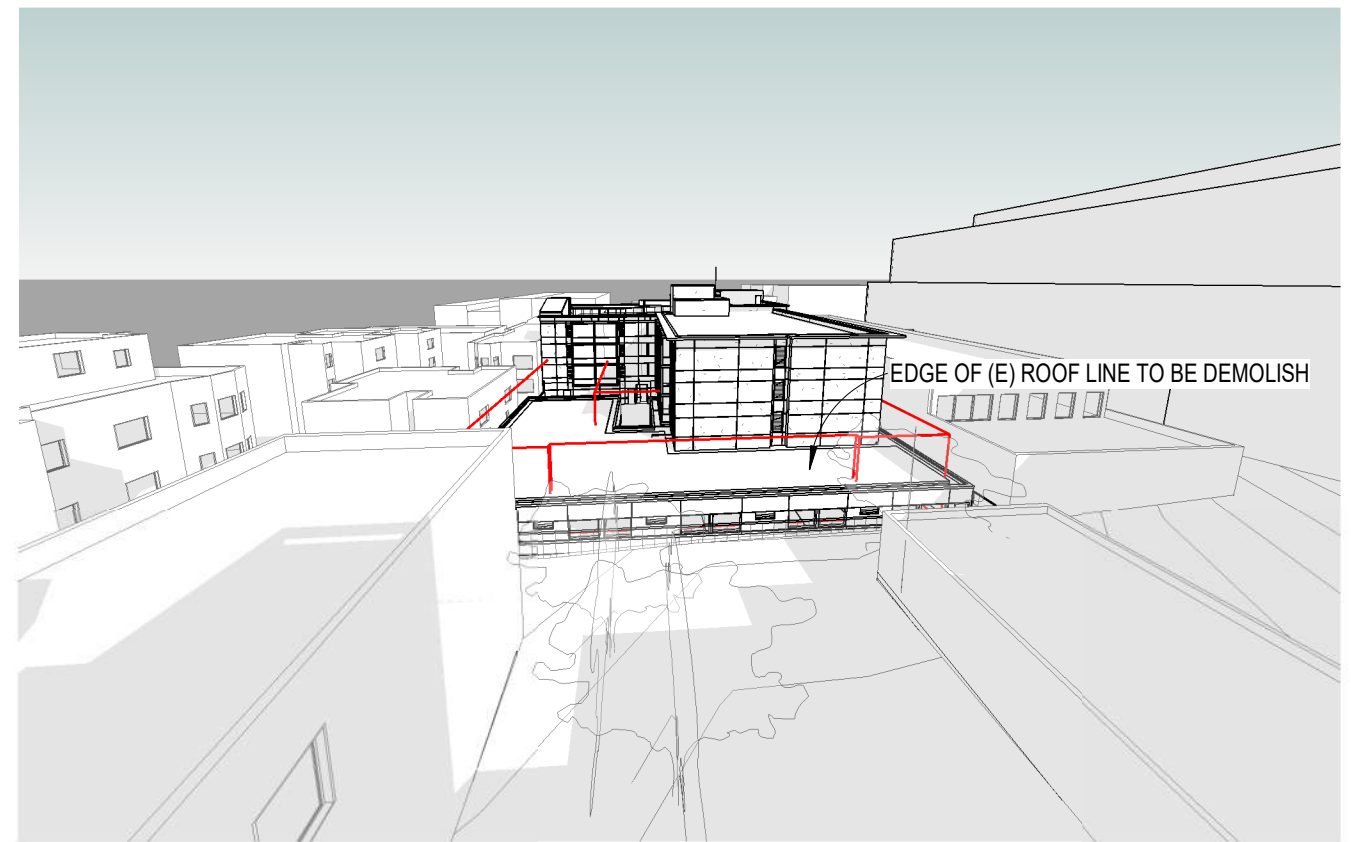
② 1560 GREEN ST TOP FLOOR



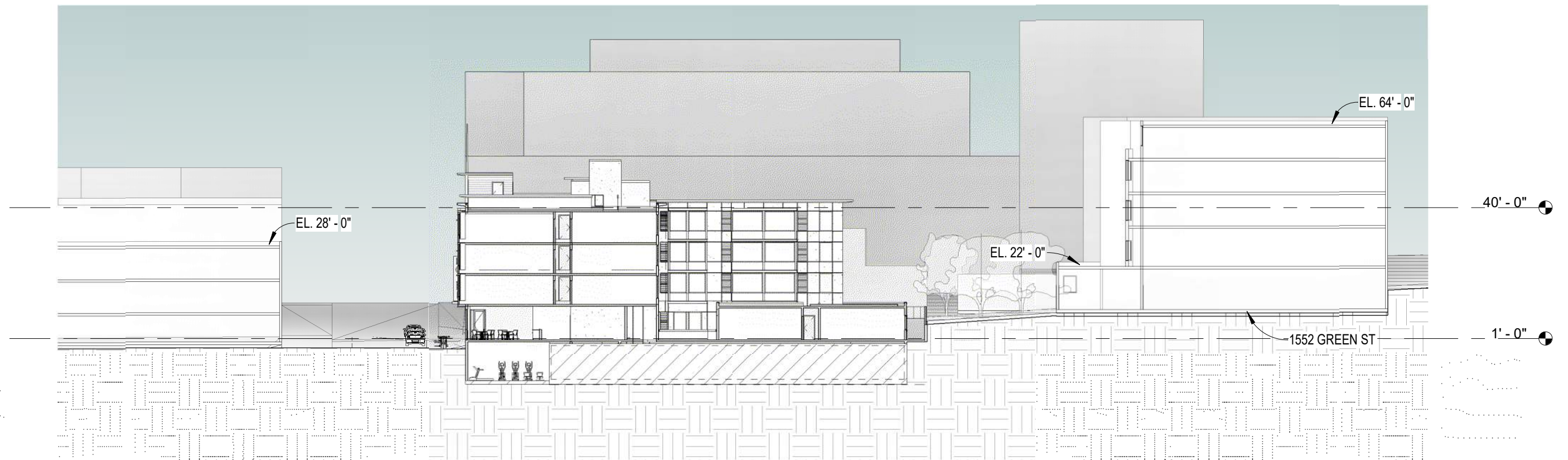
③ SITE SECTION - 1560 GREEN ST
1/32" = 1'-0"



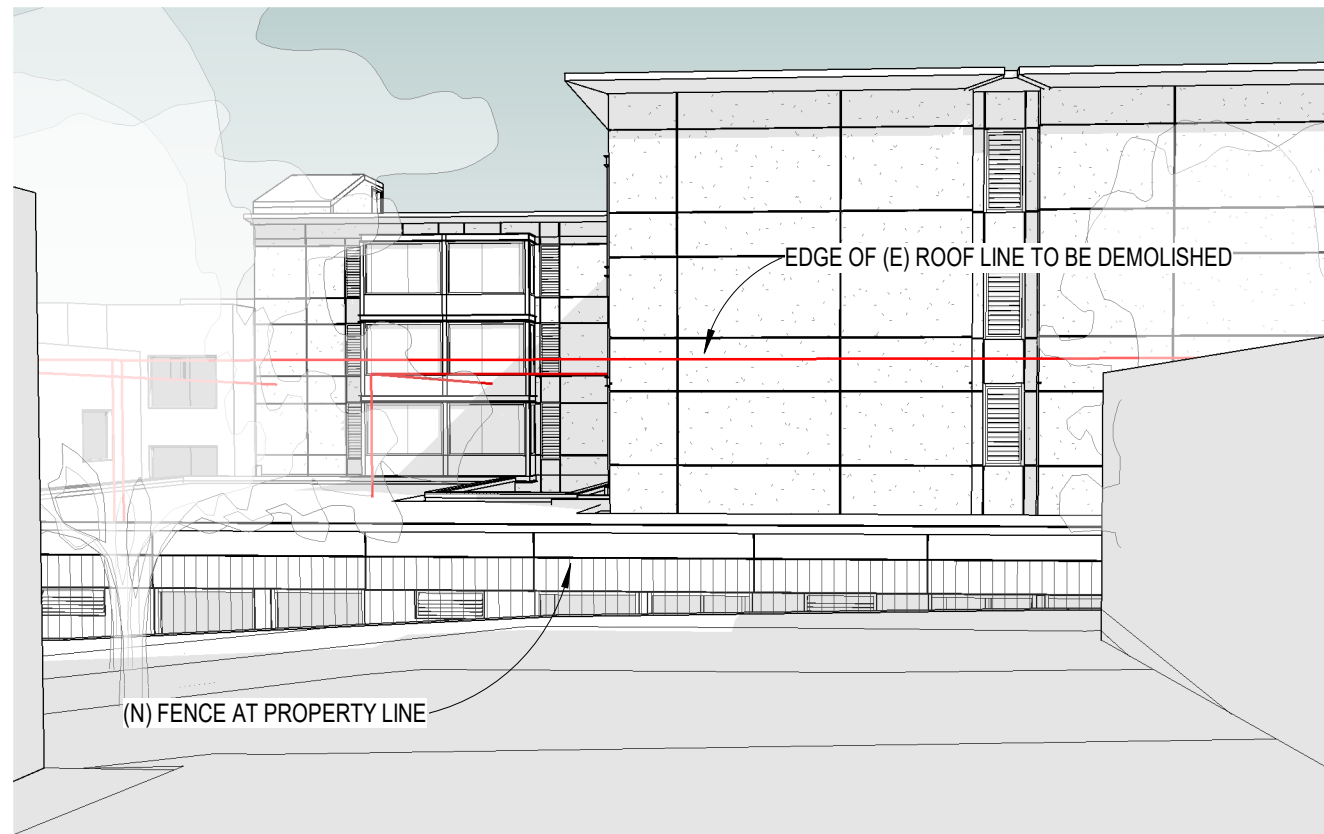
① 1552 GREEN ST GROUND FLOOR



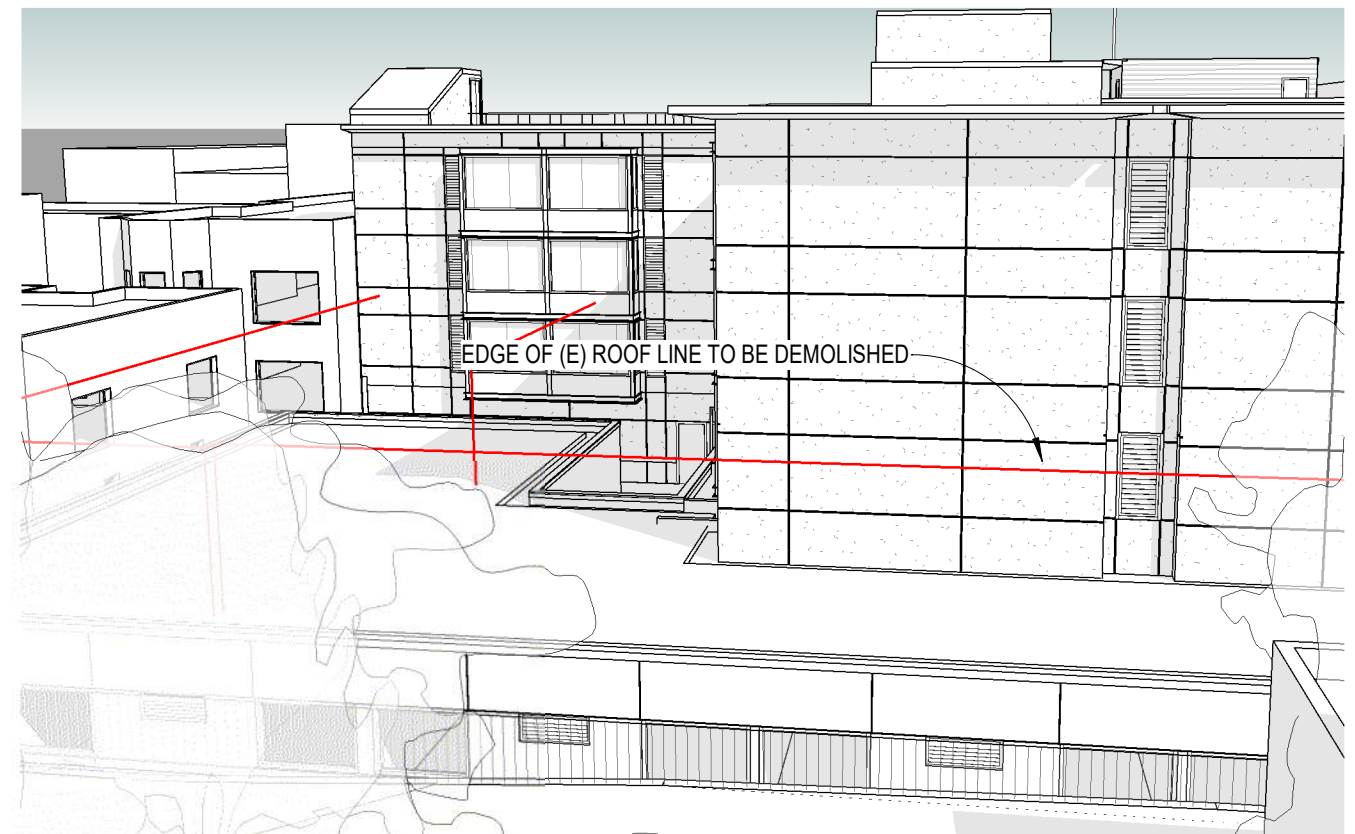
② 1552 GREEN ST TOP FLOOR



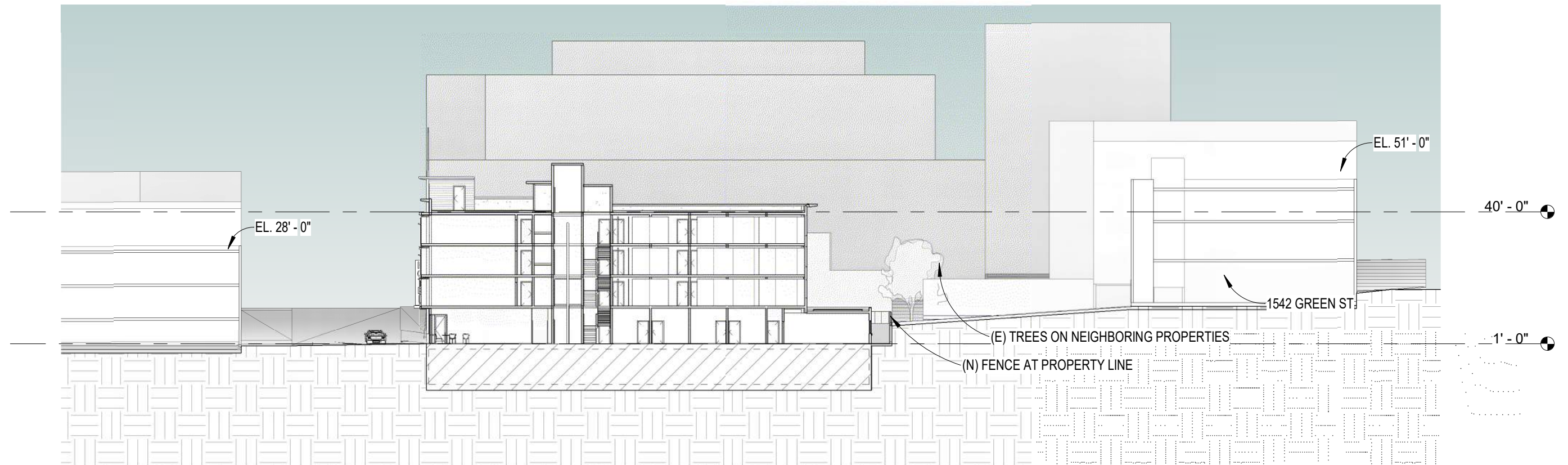
③ SITE SECTION - 1552 GREEN ST
1/32" = 1'-0"



① 1542 GREEN ST GROUND FLOOR

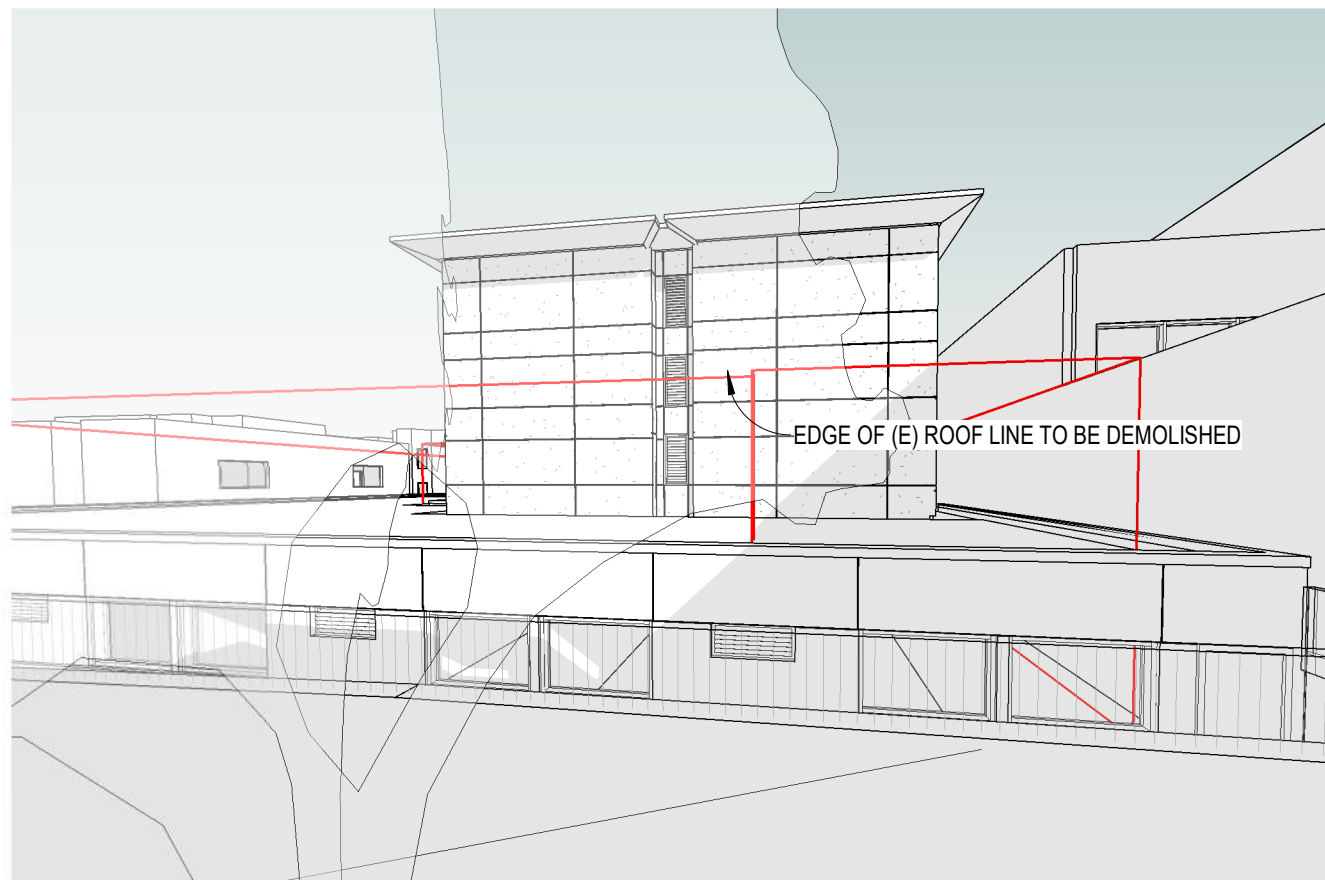


② 1542 GREEN ST TOP FLOOR

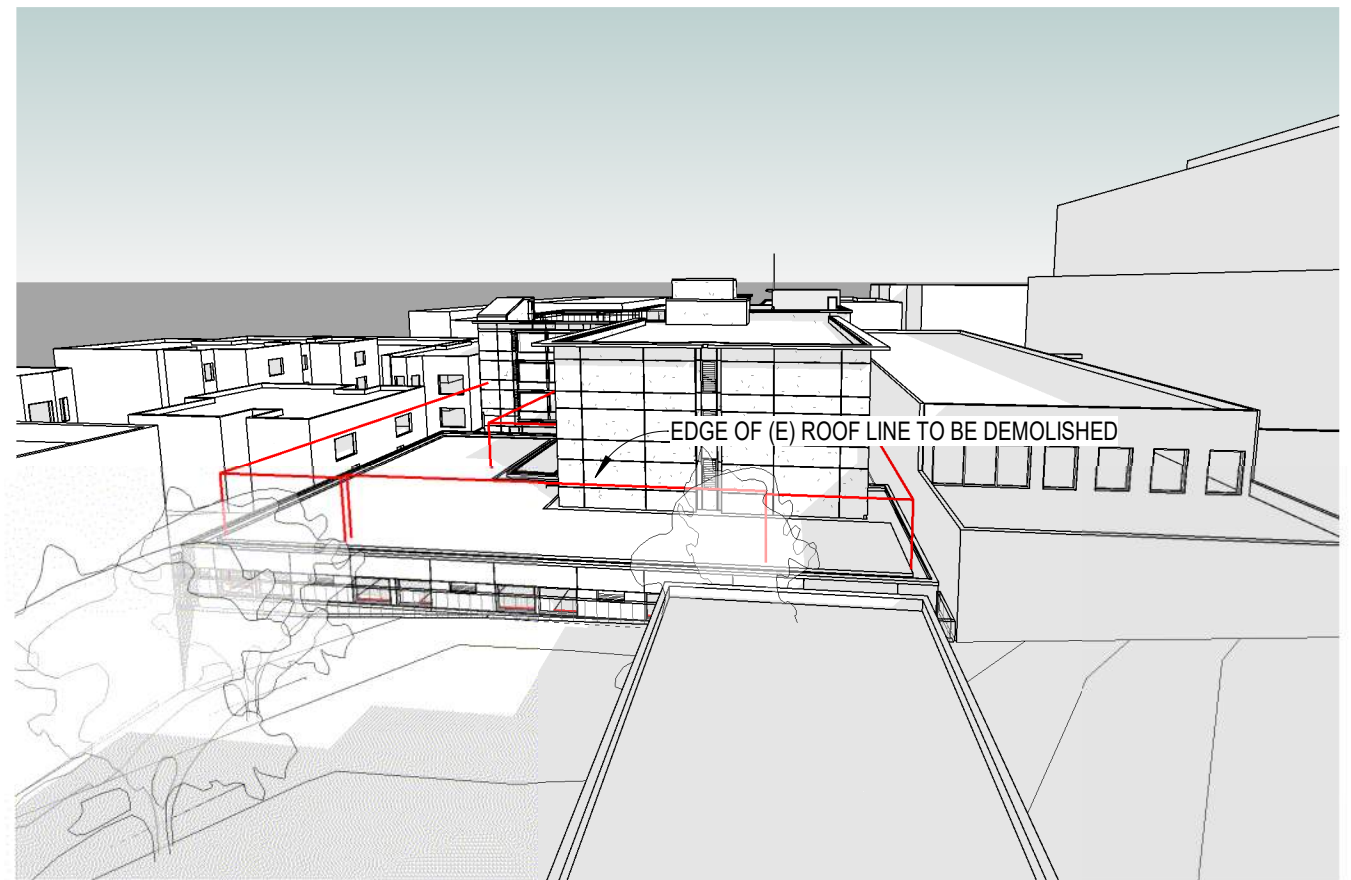


③ SITE SECTION - 1542 GREEN ST
1/32" = 1'-0"

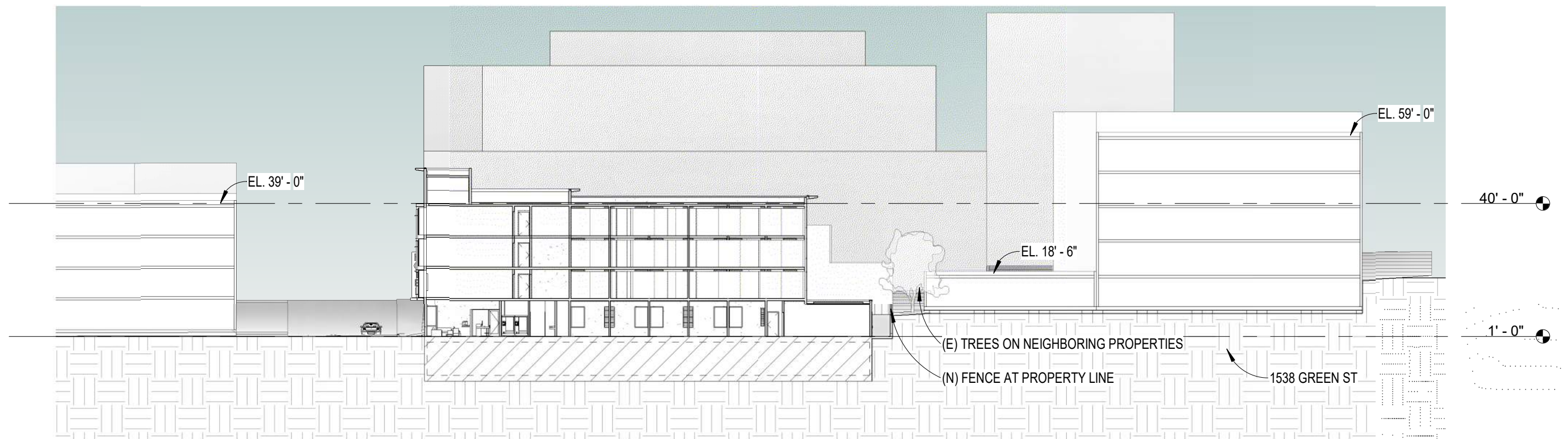
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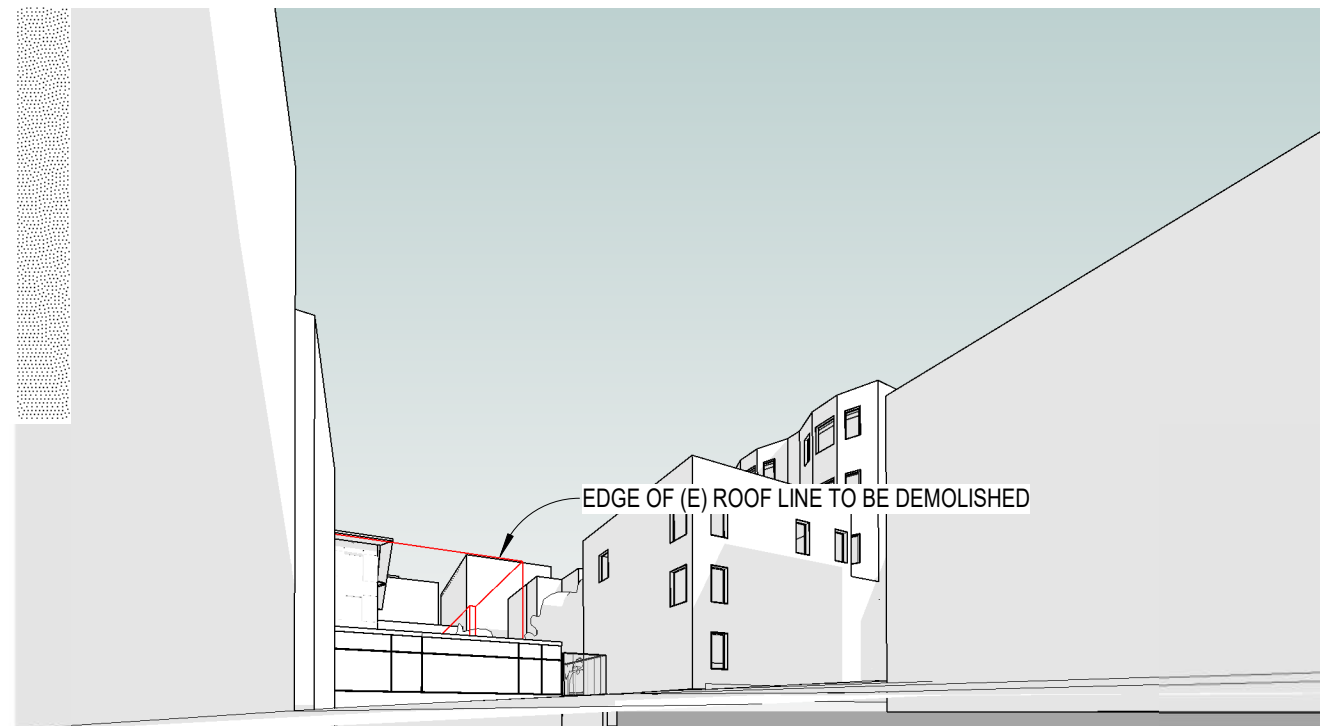
① 1538 GREEN ST GROUND FLOOR



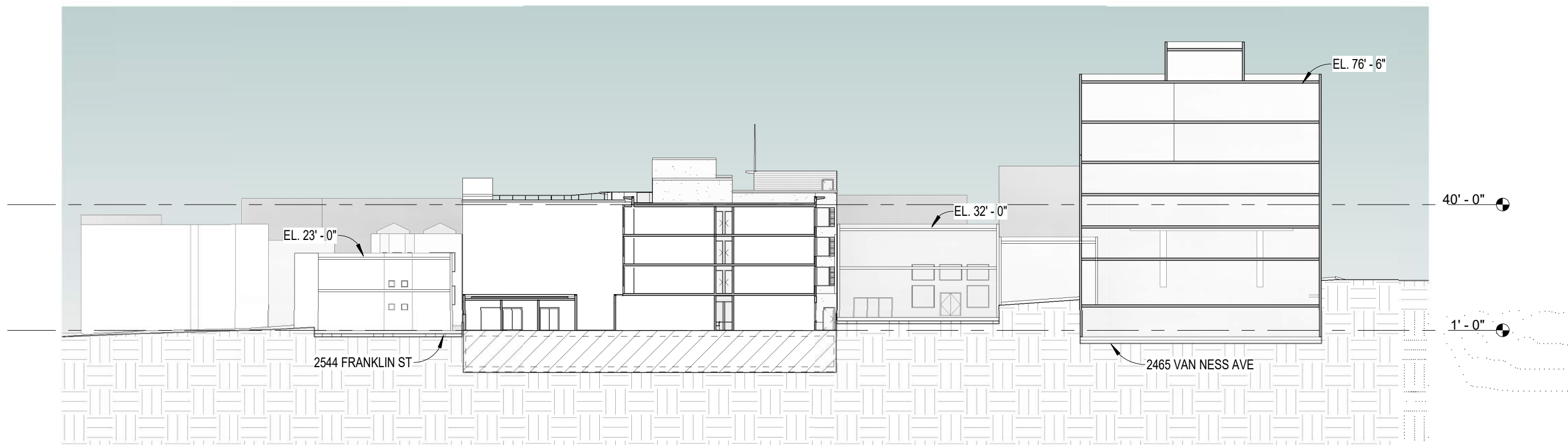
② 1538 GREEN ST TOP FLOOR



③ SITE SECTION - 1538 GREEN ST
1/32" = 1'-0"

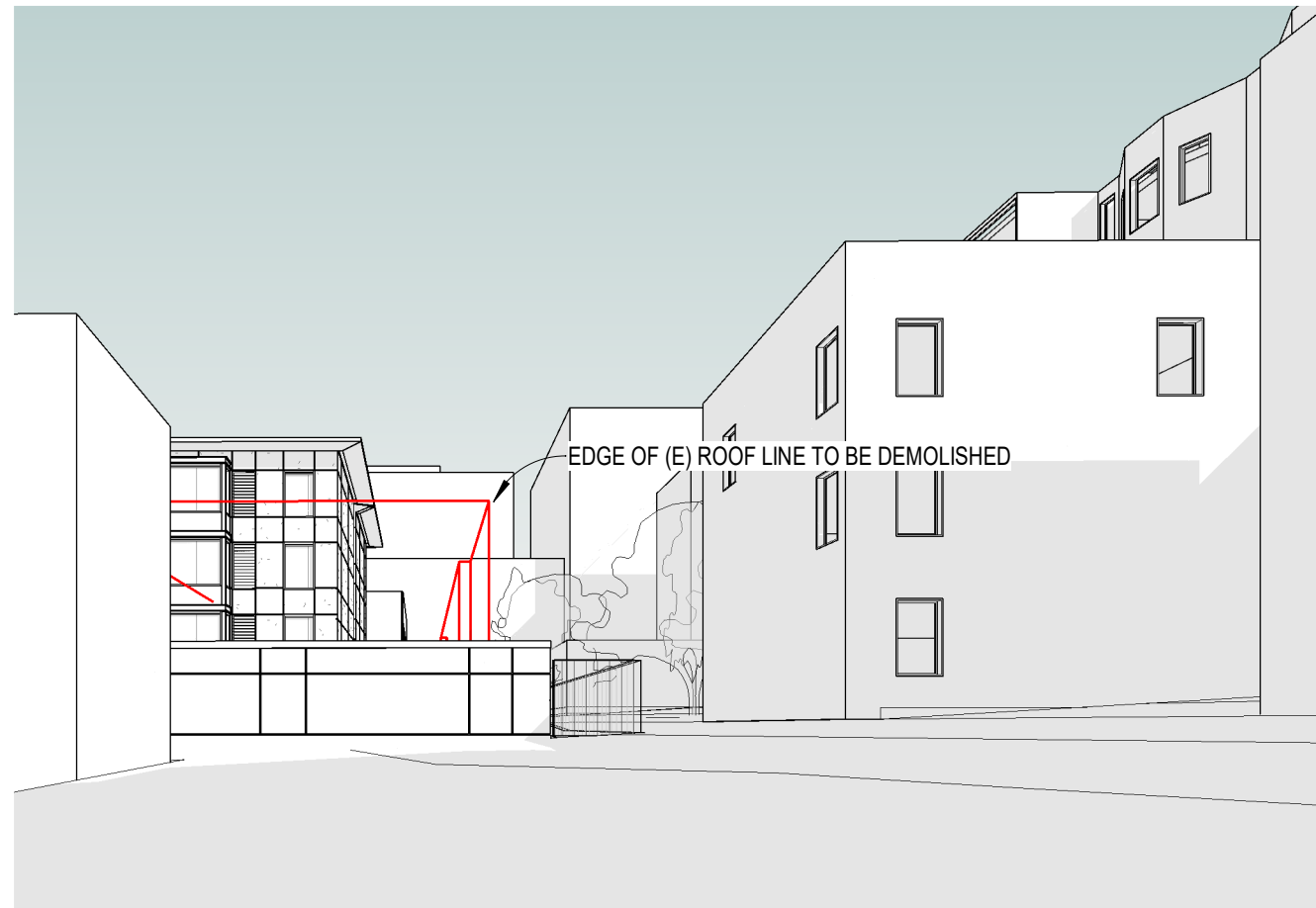


① 2544 FRANKLIN ST GROUND FLOOR

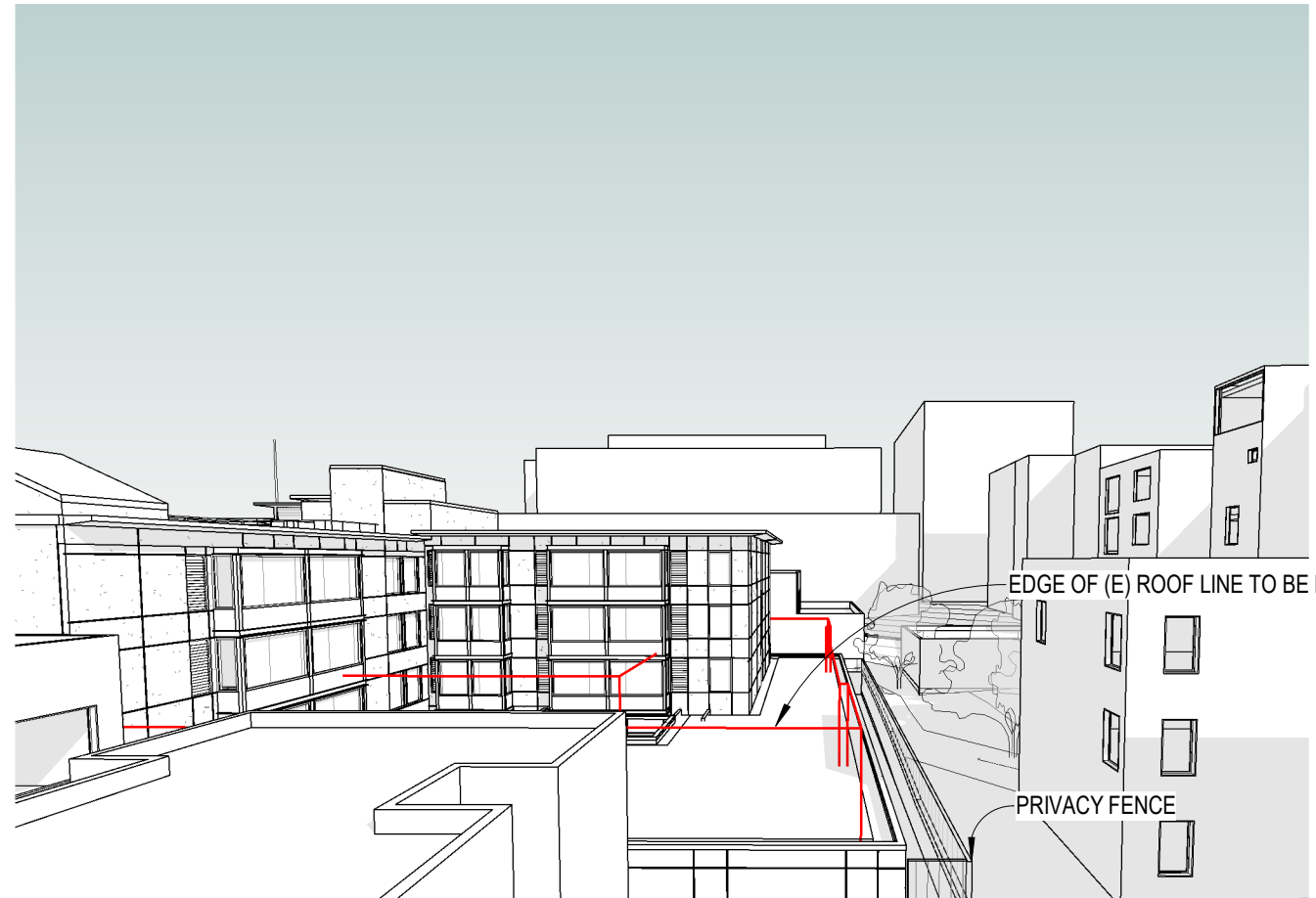


② SITE SECTION - 2544 FRANKLIN ST
1/32" = 1'-0"

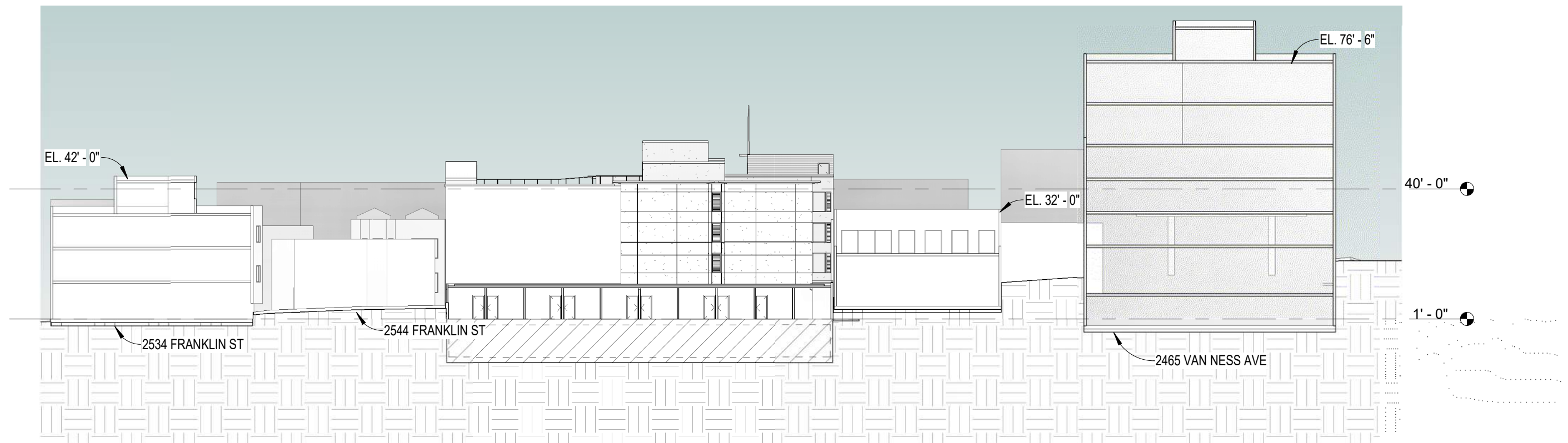
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① 2534 FRANKLIN ST GROUND FLOOR



② 2534 FRANKLIN ST TOP FLOOR



③ SITE SECTION - 2534 FRANKLIN ST
1/32" = 1'-0"

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