



# EXECUTIVE SUMMARY CONDITIONAL USE AUTHORIZATION

**HEARING DATE: JANUARY 28, 2021**

**Record No.:** 2015-009163CUA  
**Project Address:** 77 Geary Street  
**Zoning:** C-3-R (Downtown, Retail) District  
80-130-F Height and Bulk District  
**Block/Lot:** 0312/008  
**Project Sponsor:** Thomas Tunny  
Reuben, Junius & Rose LLP  
San Francisco, CA 94108  
**Property Owner:** Geary-Market Investment Co. Ltd.  
San Francisco, CA 94108  
**Staff Contact:** Kevin Guy – (628) 652-7325  
[kevin.guy@sfgov.org](mailto:kevin.guy@sfgov.org)

**Recommendation:** Approval with Conditions

## Project Description

The Project would establish approximately 12,000 square feet of general office use at the third floor of an existing 10-story building.

## Required Commission Action

In order for the Project to proceed, the Commission must grant a Conditional Use Authorization, pursuant to Planning Code Sections 210.2 and 303 to allow non-retail sales and service (general office) use at the third floor of an existing office building.

## Issues and Other Considerations

- **Public Comment & Outreach.**

- **Support/Opposition:** The Department received one email regarding the proposed project from a resident of the “Graystone Hotel”, an SRO hotel located across Geary Street to the north of the Project Site. The resident did not indicate that they are opposed to the Project, but they expressed concerns regarding the noise generated by construction of the Project, as well as operational noise from deliveries to the office space.

- **Upper Story Office Uses:** The Planning Code states that the purpose of the C-3-R District is to serve as, “...a regional center for comparison shopper retailing and direct consumer services.” Retail and service uses are principally permitted at all levels, while office uses are generally only principally permitted if they are small and serve the general public (such as a travel agency). The intent of these regulations is to create a vibrant and diverse regional shopping district in the vicinity of Union Square. However, this area is currently experiencing a substantial number of retail vacancies. Upper-story retail spaces can be particularly difficult to fill with certain types of tenants (such as apparel stores). Retail sales in urban environments relies strongly on engaging with the pedestrian realm to visually merchandise products and create a vibrant and engaging experience. Retail spaces on upper stories are disengaged from this pedestrian realm, and are difficult to successfully operate for many retail sales establishments.

## Environmental Review

The Project is exempt from the California Environmental Quality Act (“CEQA”) as a Class 1 categorical exemption.

## Basis for Recommendation

The Department finds that the Project is, on balance, consistent with the Downtown Area Plan and the Objectives and Policies of the General Plan. Although the Project results in a loss of potential retail space, there are ample opportunities for tenants to occupy the large number of vacant ground-floor spaces within Union Square and throughout the city. The proposed office use would occupy an otherwise-vacant space on the third floor of an existing building, without altering the exterior of the building or changing the fundamentally retail character of the pedestrian realm. Workers in the office space would support the retail functions of the district by shopping for convenience needs and patronizing restaurants. In addition, leasing of the office space will provide a revenue stream to preserve the existing building, a Category I resource originally constructed in 1909. The Department also finds the project to be necessary, desirable, and compatible with the surrounding neighborhood, and not to be detrimental to persons or adjacent properties in the vicinity.

## Attachments:

Draft Motion – Conditional Use Authorization with Conditions of Approval  
Exhibit B – Plans and Renderings  
Exhibit C – Maps and Context Photos  
Exhibit D - Project Sponsor Brief



# PLANNING COMMISSION DRAFT MOTION

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**Project Address:** 77 GEARY STREET  
**Zoning:** C-3-R (Downtown Retail) Zoning District  
80-130-F Height and Bulk District  
**Block/Lot:** 0312/008  
**Project Sponsor:** Thomas Tunny  
Reuben, Junius & Rose LLP  
One Bush Street  
San Francisco, CA 94108  
**Property Owner:** Geary-Market Investment Co. Ltd.  
San Francisco, CA 94108  
**Staff Contact:** Kevin Guy – (628) 652-7325  
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ADOPTING FINDINGS TO APPROVE A CONDITIONAL USE AUTHORIZATION PURSUANT TO PLANNING CODE SECTIONS 210.2 AND 303 TO ALLOW 12,000 SQUARE FEET OF NON-RETAIL SALES AND SERVICES USE (GENERAL OFFICE) ON THE THIRD FLOOR OF AN EXISTING BUILDING, LOCATED AT 77 GEARY STREET, LOT 008 IN ASSESSOR'S BLOCK 0312, WITHIN THE C-3-R ZONING DISTRICT AND THE 80-130-F HEIGHT AND BULK DISTRICT, AND ADOPTING FINDINGS UNDER THE CALIFORNIA ENVIRONMENTAL QUALITY ACT.

## PREAMBLE

On December 17, 2015, Thomas Tunny of Reuben, Junius & Rose LLP (hereinafter "Project Sponsor") filed Application No. 2015-009163CUA (hereinafter "Application") with the Planning Department (hereinafter "Department") for a Conditional Use Authorization to establish approximately 12,000 square feet of office uses at the third floor of an existing building (hereinafter "Project") at 77 Geary Street, Block 0312, Lot 008 (hereinafter "Project Site").

The Project is exempt from the California Environmental Quality Act ("CEQA") as a Class 1 categorical exemption.

On January 28, 2021, the San Francisco Planning Commission (hereinafter "Commission") conducted a duly noticed public hearing at a regularly scheduled meeting on Conditional Use Authorization Application No. 2015-009163CUA.

The Planning Department Commission Secretary is the custodian of records; the File for Record No. 2015-009163CUA is located at 49 South Van Ness Avenue, Suite 1400, San Francisco, California.

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

**MOVED,** that the Commission hereby authorizes the Conditional Use Authorization as requested in Application No. 2015-009163CUA, 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. **Project Description.** The Project would establish approximately 12,000 square feet of general office use at the third floor of an existing 10-story building.
3. **Site Description and Present Use.** The Project is located at the southeast corner of Geary Street and Grant Avenue. The Project Site contains an existing 10-story building constructed in 1909, measuring a total of 132,356 square feet. While much of the building is currently vacant, floors four through ten have been authorized for and occupied by office uses. The ground and second floors include several vacant retail spaces, as well as spaces currently occupied by “Diptyque” and “Ted Baker”.
4. **Surrounding Properties and Neighborhood.** The Project Site is located within the C-3-R Zoning District in the Downtown Area Plan. The immediate context is mixed in character with retail, office, and residential uses. The scale of development in the immediate area varies greatly, characterized by two-to-ten story buildings. Building heights generally increase in the Financial District to the east, and in SOMA to the south. The neighborhood also includes a number of prominent public open spaces, including Union Square to the west, and Jessie Square and Yerba Buena Gardens to the south. Numerous arts and institutional uses are also located in the vicinity, including SFMOMA, the Moscone Center, the Contemporary Jewish Museum, Yerba Buena Center for the Arts, the Children’s Creativity Museum, and the Museum of the African Diaspora. Other zoning districts in the vicinity of the project site include: P (Public), C-3-O (Downtown Office), and C-3-O(SD) (Downtown Office, Special Development).
5. **Public Outreach and Comments.** The Department received one email regarding the proposed project from a resident of the “Graystone Hotel”, an SRO hotel located across Geary Street to the north of the Project Site. The resident did not indicate that they are opposed to the Project, but they expressed concerns regarding the noise generated by construction of the Project, as well as operational noise from deliveries to the office space.
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. **Use.** Planning Code Section 210.2 states that a Conditional Use Authorization is required for Non-Retail Sales and Service uses at the third floor.

*The Project would establish office uses at the third floor of the existing building on the Project Site. Section 210.2 includes specific findings that the Commission must make in order to grant Conditional Use Authorization for the proposed office uses. Conformance with these findings is discussed in Section 7 below.*

- B. **Street Frontage in Neighborhood Commercial Districts.** Section 145.1 of the Planning Code requires that within NC Districts space for active uses shall be provided within the first 25 feet of building depth

on the ground floor and 15 feet on floors above from any facade facing a street at least 30 feet in width.

*The proposed third-floor office space would exhibit visible frontage on both Geary Street and Grant Avenue. Office uses are considered active uses by Section 145.1, because the nature of the use does not require non-transparent walls.*

- C. **Off-Street Freight Loading.** Planning Section 152.1 of the Planning Code requires 0.1 off-street loading space for each 10,000 square feet of office uses, rounded to the closest whole number.

*The Project would establish approximately 12,000 square feet of office uses; thus, the Project does not require any off-street loading spaces.*

- D. **Transportation Demand Management (TDM) Plan.** Planning Code Section 169 requires certain project to submit and finalize a TDM Plan prior Planning Department approval of the first Building Permit or Site Permit.

*For project involving a change of use, Section 169 requires the submittal of a TDM Plan only if the change would result in at least 25,000 square feet of any use other than Residential. The proposed Project would establish approximately 12,000 square feet of office uses in a space that was previously approved for retail uses. Therefore, the Project does not require submittal of a TDM Plan.*

- F. **Office Allocation.** Planning Code Section 320 through 325 specify that the Commission must grant specific approval for certain office developments, including the adoption of specified findings. In addition, these Sections set a limit of 950,000 square feet of office space that may be approved annually.

*Pursuant to Section 320, a project which results in less than 25,000 square feet of additional office space is not considered an "office development", by definition. Therefore, the proposed Project does not require a specific authorization for office allocation by the Commission.*

7. **Conditional Use Findings.** Planning Code Section 303 establishes criteria for the Planning Commission to consider when reviewing applications for Conditional Use authorization. On balance, the project complies with said criteria in that:

- A. The proposed new uses and building, at the size and intensity contemplated and at the proposed location, will provide a development that is necessary or desirable, and compatible with, the neighborhood or the community.

*The Project Site is located within the Downtown core, an area characterized by an intense mix of a wide variety of uses. Many buildings in the vicinity contain office uses on upper stories over ground-floor retail, particularly within the Financial District to the east of the Project Site. The office use proposed by the Project is relatively small in size (12,000 square feet), and would not undermine the core retail functions of the C-3-R District. Because the office uses are located on the third story, the Project would not affect the retail shopping experience at the pedestrian level.*

- 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:

- (1) Nature of proposed site, including its size and shape, and the proposed size, shape and arrangement of structures;

*The height and bulk of the existing building will remain the same and will not alter the existing appearance or character of the project vicinity. The proposed work will not affect the building envelope.*

- (2) 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 Planning Code does not require parking or loading for the proposed office uses. The Project is located within the Downtown core, which is the nexus of City-wide and regional transit services. Abundant transportation options are available within walking distance of the Project Site, including numerous Muni bus lines, bus lines from other regional transit providers (such as AC Transit and Golden Gate Transit), and Muni Metro and BART service. Given the abundant transit service in the area, the proposed use should not generate significant amounts of private vehicular trips.*

- (3) The safeguards afforded to prevent noxious or offensive emissions such as noise, glare, dust and odor;

*The Project would occupy the third floor of an existing building, and would not alter the existing relationship of the building to its surroundings. The proposed office use will not generate noise, glare, dust, or odors.*

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

*The proposed office use does not require any exterior alterations of the building or the Project Site. Given the relatively small size of the office use, no new parking or loading areas are required or proposed.*

- 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 Use district.

*As stated in Section 210.2, the purpose of the C-3-R District is to serve as, "...a regional center for comparison shopper retailing and direct consumer services." This Section further states that, "Within*

*the District, continuity of retail and consumer service uses is emphasized, with encouragement of pedestrian interest and amenities...” While the proposed office use does not directly contribute to the core retail functions of the C-3-R District, the uses would be located on the third floor in a manner that is not readily visible by pedestrians and visitors to the area. The existing ground floor of the building is characterized by a procession of retail tenant spaces on both the Geary Street and Grant Avenue frontages. This existing retail presence will not be affected by the Project. The Project will indirectly support the retail functions of the District as workers in the newly-established office space patronize retail and restaurant establishments in the area.*

**8. Third-Story Non-Retail Sales and Service Findings.** In addition to the criteria of Section 303(c) of this Code, the Code specifies that the Commission consider the following criteria to establish the proposed office use at the third floor within the C-3-R District:

- A. The proposed use would not require modification of the location that would negatively impact existing architectural, historic and aesthetic features, or otherwise inhibit the conversion back to a principally-permitted use in the future.

*The Project would not alter the exterior of the building on the Project Site, which was constructed in 1909 and is designated as a Category I building in Article 11 of the Planning Code. The building was previously occupied by several department stores. The proposed office uses would not inhibit the future conversion of the space to retail and service uses, which are emphasized in the Planning Code as the primary purpose of the C-3-R District.*

- B. The proposed use would not have an actual or potential adverse impact on adjacent zoning districts in which non-retail sales and services uses are not permitted.

*The Project Site is surrounded by other zoning districts which principally permit non-retail sales and service uses (such as offices) above the ground floor, including the C-3-O, C-3-O(SD), and C-3-S Districts. The Project would add office uses into an area where they are already common, and would not potentially undermine the character of the neighborhood introducing an incompatible use.*

- C. the proposed use will not result in the development of non-retail sales and services uses such that the District’s primary function is no longer an area for comparison shopper retailing.

*The zoning controls of the C-3-R District strongly emphasize principally-permitted uses such as retail stores and restaurants. However, retail sales in urban environments relies strongly on engaging with the pedestrian realm to visually merchandise products and create a vibrant and engaging experience. Retail spaces on upper stories are disengaged from this pedestrian realm, and are difficult to successfully operate for many retail sales establishments. There are currently many vacant ground-floor retail spaces in the area of the Project Site. Therefore, the proposed office uses would not foreclose on the overall supply of available retail space in the city. The office uses would occupy an otherwise-vacant space on the third floor of an existing building, without altering the exterior of the building or changing the fundamentally retail character of the pedestrian realm.*

- D. The proposed use would complement or support principally-permitted uses in the District, and

the site of the proposed use is not conducive to any principally-permitted uses in the District by virtue of physical limitations, including but not limited to the size and orientation of the floor plate and the nature of independent access to the third floor

*The office uses proposed by the Project would be located on the third floor, in a space that does not benefit from direct visual interface with the pedestrian realm. Due to its upper-story location, it would difficult for pedestrians to readily notice and recognize a retail tenant in this space. This severely limits the types of retail operators that would seek to lease an upper-story space. In addition, the third floor is accessed via an elevator bank at the end of a common hallway past a security desk. The physical nature of this access feels private, and would discourage the kind of casual engagement between customer and retail establishment that defines successful urban retail districts. The Project would fill an otherwise vacant space with office uses.*

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

**COMMERCE AND INDUSTRY ELEMENT**

**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 which has substantial undesirable consequences that cannot be mitigated.

**Policy 1.3**

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

**OBJECTIVE 2**

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

**Policy 2.1**

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

**DOWNTOWN PLAN**

**Objectives and Policies**

**OBJECTIVE 2**

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

**Policy 2.1**

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

**OBJECTIVE 3**

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

**Policy 3.3**

Preserve retail service businesses in upper floor offices in the retail district.

**Policy 3.5**

Meet the convenience needs of daytime downtown workers.

**OBJECTIVE 12**

**CONSERVE RESOURCES THAT PROVIDE CONTINUITY WITH SAN FRANCISCO'S PAST.**

**Policy 12.1**

Preserve notable landmarks and areas of historic, architectural, or aesthetic value, and promote the preservation of other buildings and features that provide continuity with past development.

*The Project would facilitate the use of a space that is currently vacant, and is unsuitable for a traditional retail tenant. Due to its upper-story location, the space lacks visibility and connection to the pedestrian realm. There are currently a substantial number of vacant ground-floor retail spaces in the vicinity that would be much more attractive to future tenants. The proposed office use is compatible and consistent with the intense mix of retail, professional, and residential uses in the larger Downtown area. Workers in the office space would support the retail functions of the district by shopping for convenience needs and patronizing restaurants. In addition, leasing of the office space will provide a revenue stream to preserve the existing building, a Category I resource originally constructed in 1909.*

**10. 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 complies 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 third-story space proposed for office uses is currently vacant. Due to its upper-story location and lack of independent access from the street, the space is difficult to operate for a traditional retail tenant. There are currently many vacant ground-floor retail spaces in the vicinity of the Project Site, therefore, the establishment of office uses proposed by the project would not diminish opportunities for future neighborhood-serving retail in the area.*

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

*The Project Site does not contain any housing, and no residents would be displaced by the Project. The proposed office uses are consistent with the intense, varied mix of uses found in the Downtown core, and would not diminish the primary retail functions of the C-3-R District.*

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

*The Project would not displace any affordable housing stock.*

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

*The Project Site lies at the confluence of the major local and regional transit services in the Bay Area. The majority of workers in the proposed office space would arrive by transportation modes other than private vehicles.*

- 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 space proposed for office use is currently vacant. While many retail and service sector uses are principally permitted with the C-3-R Zoning District, the physical configuration and upper-story location of the space makes it unsuitable for a traditional retailer. Many vacant retail spaces are currently available in the area, and approval of the Project would not diminish opportunities to enhance service sector employment or ownership.*

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

*Implementation of the Project would require minor interior tenant improvements that would not affect the structural performance of the building. This proposal will not impact the property's ability to withstand an earthquake.*

- G. That landmarks and historic buildings be preserved.

*The existing building on the Project Site is designated as a Category I building in Article 11 of the Planning Code. The Project would not alter the exterior of the building, and will provide rental income to promote the ongoing economic viability and physical maintenance of the building.*

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

*The Project would not alter the physical envelope of the building, and will therefore have no affect on shadows cast on parks and open spaces.*

11. 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.
12. 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 Authorization Application No. 2015-009163CUA** subject to the following conditions attached hereto as “EXHIBIT A” in general conformance with plans on file, dated January 28, 2021, 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. 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 January 28, 2021.

Jonas P. Ionin  
Commission Secretary

AYES:

NAYS:

ABSENT:

RECUSE:

ADOPTED: January 28, 2021

## EXHIBIT A

### Authorization

This authorization is for a conditional use to allow office uses located at the third floor of an existing building at 77 Geary Street, Lot 008 of Assessor's Block 0312, pursuant to Planning Code Section(s) 210.2 and 303 within the C-3-R District and the 80-130-F Height and Bulk District; in general conformance with plans, dated January 28, 2021, and stamped "EXHIBIT B" included in the docket for Record No. 2015-009163CUA and subject to conditions of approval reviewed and approved by the Commission on January 28, 2021 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 January 28, 2021 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 effective date of the Motion. The Department of Building Inspection shall have issued a Building Permit or Site Permit to construct the project and/or commence the approved use within this three-year period.

*For information about compliance, contact Code Enforcement, Planning Department at 628.652.7463, [www.sfplanning.org](http://www.sfplanning.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 628.652.7463, [www.sfplanning.org](http://www.sfplanning.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 this Authorization was approved.

*For information about compliance, contact Code Enforcement, Planning Department at 628.652.7463, [www.sfplanning.org](http://www.sfplanning.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 628.652.7463, [www.sfplanning.org](http://www.sfplanning.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 628.652.7463,*

[www.sfplanning.org](http://www.sfplanning.org)

**6.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 628.652.7463, [www.sfplanning.org](http://www.sfplanning.org)*

**7.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 628.652.7463, [www.sfplanning.org](http://www.sfplanning.org)*

**8.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 628.652.7463, [www.sfplanning.org](http://www.sfplanning.org)*

**9.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.

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## Provisions

**10. Downtown Park Fee - C-3 District.** The Project is subject to the Downtown Park Fee, as applicable, pursuant to Planning Code Section 412.

*For information about compliance, contact the Case Planner, Planning Department at 628.652.7325, [www.sfplanning.org](http://www.sfplanning.org)*

## Monitoring - After Entitlement

- 11. 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 628.652.7463, [www.sfplanning.org](http://www.sfplanning.org)*

- 12. 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 628.652.7463, [www.sfplanning.org](http://www.sfplanning.org)*

- 13. 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, 628.271.2000, [www.sfpublishworks.org](http://www.sfpublishworks.org)*

- 14. 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 and all registered neighborhood groups for the area with written notice of the name, business address, and telephone number of the community liaison. Should the contact information change, the Zoning Administrator and registered neighborhood groups 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 628.652.7463, [www.sfplanning.org](http://www.sfplanning.org)*



# CONDITIONAL USE APPLICATION/NO CONSTRUCTION

**BLOCK: 0312/ LOT : 008**  
**77 GEARY STREET**  
**SAN FRANCISCO, CA**



ADDRESS  
306 JOHNSON AVENUE  
SAN LUIS OBISPO, CA 93401  
CONTACT  
805.547.2240  
WWW.SRIS-STUDIO.COM  
THOMAS E. JESS ARCHITECT #C27608  
STEPHEN A. RIGOR ARCHITECT #C33672  
ARCHITECT OF RECORD/CONSULTANT

SCOPE OF WORK

NO WORK PROPOSED. THE PROPOSED PROJECT IS A CHANGE OF USE FROM RETAIL TO OFFICE ON THE THIRD FLOOR.

PROJECT INFORMATION

APPLICABLE CODES

2016 CALIFORNIA BUILDING CODE  
2016 CALIFORNIA MECHANICAL CODE  
2016 CALIFORNIA PLUMBING CODE  
2016 CALIFORNIA ELECTRICAL CODE  
2016 CALIFORNIA FIRE CODE  
2016 CALIFORNIA ENERGY CODE  
2010 ADA STANDARDS

GENERAL BUILDING INFO

PLANNING AREA:

DOWNTOWN

ZONING:

C-3-R/80-130-F

NUMBER OF STORIES:  
(NO CHANGE)

10 OVER BASEMENT

EXISTING USE:

RETAIL/ SERVICE/ OFFICE  
(EXISTING)

PROPOSED USE:

RETAIL/ SERVICE/ OFFICE  
(EXISTING)

OVERALL FLOOR AREA SUMMARY

EXISTING TOTAL BUILDING SQUARE FOOTAGE

BASEMENT

24,309 S.F.

FIRST FLOOR

16,080 S.F.

SECOND FLOOR

14,898 S.F.

THIRD FLOOR

16,080 S.F.

FOURTH FLOOR

16,080 S.F.

FIFTH FLOOR

16,080 S.F.

SIXTH FLOOR

16,080 S.F.

SEVENTH FLOOR

16,080 S.F.

EIGHTH FLOOR

NINTH FLOOR

25,381 S.F.

TENTH FLOOR

TOTAL:

161,068 S.F.

PROPOSED TOTAL BUILDING SQUARE FOOTAGE (NO CHANGE)

BASEMENT

24,309 S.F.

FIRST FLOOR

16,080 S.F.

SECOND FLOOR

14,898 S.F.

THIRD FLOOR

16,080 S.F.

FOURTH FLOOR

16,080 S.F.

FIFTH FLOOR

16,080 S.F.

SIXTH FLOOR

16,080 S.F.

SEVENTH FLOOR

16,080 S.F.

EIGHTH FLOOR

NINTH FLOOR

25,381 S.F.

TENTH FLOOR

TOTAL:

161,068 S.F.  
(NO CHANGE)

FLOOR AREA SUMMARY BY USE

EXISTING

BASEMENT SQUARE FOOTAGE BY USE

USE

AREA (S.F.)

STORAGE

4,968 S.F.

RETAIL

3,271 S.F.

COMMON AREA

16,070 S.F.

TOTAL

± 24,309 S.F.

FIRST FLOOR FOOTAGE BY USE

USE

AREA (S.F.)

RETAIL

12,021 S.F.

COMMON AREA

4,059 S.F.

TOTAL

± 16,080 S.F.

SECOND FLOOR FOOTAGE BY USE

USE

AREA (S.F.)

RETAIL

4,552 S.F.

VACANT

6,419 S.F.

COMMON AREA

3,927 S.F.

TOTAL

± 14,898 S.F.

THIRD FLOOR FOOTAGE BY USE

USE

AREA (S.F.)

OFFICE

232 S.F.

RETAIL

11,794 S.F.

COMMON AREA

4,064 S.F.

TOTAL

± 16,080 S.F.

FOURTH FLOOR FOOTAGE BY USE

USE

AREA (S.F.)

OFFICE

12,372 S.F.

COMMON AREA

3,708 S.F.

TOTAL

± 16,080 S.F.

FIFTH FLOOR FOOTAGE BY USE

USE

AREA (S.F.)

OFFICE

12,537 S.F.

COMMON AREA

3,543 S.F.

TOTAL

± 16,080 S.F.

SIXTH FLOOR FOOTAGE BY USE

USE

AREA (S.F.)

OFFICE

12,543 S.F.

COMMON AREA

3,537 S.F.

TOTAL

± 16,080 S.F.

SEVENTH FLOOR FOOTAGE BY USE

USE

AREA (S.F.)

OFFICE

12,543 S.F.

COMMON AREA

3,537 S.F.

TOTAL

± 16,080 S.F.

EIGHTH, NINTH AND TENTH FLOOR FOOTAGE BY USE

USE

AREA (S.F.)

OFFICE

25,381 S.F.

TOTAL

± 25,381 S.F.

PROPOSED

BASEMENT SQUARE FOOTAGE BY USE

USE

AREA (S.F.)

STORAGE

4,968 S.F.

RETAIL

3,271 S.F.

COMMON AREA

16,070 S.F.

TOTAL

± 24,309 S.F.

FIRST FLOOR FOOTAGE BY USE

USE

AREA (S.F.)

RETAIL

12,021 S.F.

COMMON AREA

4,059 S.F.

TOTAL

± 16,080 S.F.

SECOND FLOOR FOOTAGE BY USE

USE

AREA (S.F.)

RETAIL

4,552 S.F.

VACANT

6,419 S.F.

COMMON AREA

3,927 S.F.

TOTAL

± 14,898 S.F.

THIRD FLOOR FOOTAGE BY USE

USE

AREA (S.F.)

OFFICE

12,016 S.F.

COMMON AREA

4,064 S.F.

TOTAL

± 16,080 S.F.

FOURTH FLOOR FOOTAGE BY USE

USE

AREA (S.F.)

OFFICE

12,372 S.F.

COMMON AREA

3,708 S.F.

TOTAL

± 16,080 S.F.

FIFTH FLOOR FOOTAGE BY USE

USE

AREA (S.F.)

OFFICE

12,537 S.F.

COMMON AREA

3,543 S.F.

TOTAL

± 16,080 S.F.

SIXTH FLOOR FOOTAGE BY USE

USE

AREA (S.F.)

OFFICE

12,543 S.F.

COMMON AREA

3,537 S.F.

TOTAL

± 16,080 S.F.

SEVENTH FLOOR FOOTAGE BY USE

USE

AREA (S.F.)

OFFICE

12,543 S.F.

COMMON AREA

3,537 S.F.

TOTAL

± 16,080 S.F.

EIGHTH, NINTH AND TENTH FLOOR FOOTAGE BY USE

USE

AREA (S.F.)

OFFICE

25,381 S.F.

TOTAL

± 25,381 S.F.

PROJECT DIRECTORY

CLIENT

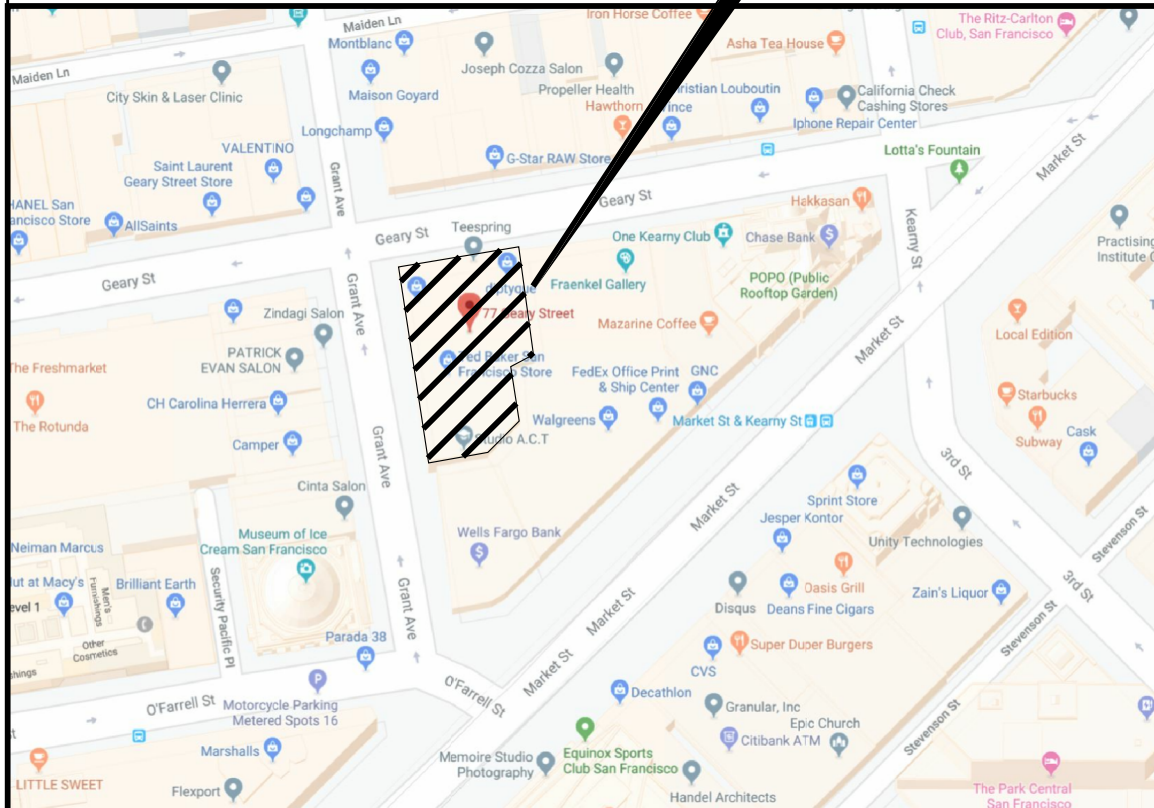
G & G PARTNERS  
77 GEARY STREET  
SAN FRANCISCO, CA 94108  
(858) 535-8111

ARCHITECT

ARRIS STUDIO ARCHITECTS  
1717 N. CALIFORNIA BLVD., SUITE 2D  
WALNUT CREEK, CA 94596  
(805) 547-2240  
ANTHONY SILVA

VICINITY MAP

PROJECT LOCATION



DRAWING INDEX

ARCHITECTURAL SHEETS

CS-1.0 COVER SHEET  
CS-2.1 EXISTING SITE PLAN  
CS-2.2 PROPOSED SITE PLAN (SAME AS EXISTING)

A-1.0 EXISTING BASEMENT FLOOR PLAN  
A-1.1 EXISTING FIRST FLOOR PLAN  
A-1.2 EXISTING SECOND FLOOR PLAN  
A-1.3 EXISTING THIRD FLOOR PLAN  
A-1.4 EXISTING FOURTH FLOOR PLAN  
A-1.5 EXISTING FIFTH FLOOR PLAN  
A-1.6 EXISTING SIXTH FLOOR PLAN  
A-1.7 EXISTING SEVENTH FLOOR PLAN

A-2.0 PROPOSED BASEMENT FLOOR PLAN (NO CHANGE)  
A-2.1 PROPOSED FIRST FLOOR PLAN (NO CHANGE)  
A-2.2 PROPOSED SECOND FLOOR PLAN (NO CHANGE)  
A-2.3 PROPOSED THIRD FLOOR PLAN (NO CHANGE)  
A-2.4 PROPOSED FOURTH FLOOR PLAN (NO CHANGE)  
A-2.5 PROPOSED FIFTH FLOOR PLAN (NO CHANGE)  
A-2.6 PROPOSED SIXTH FLOOR PLAN (NO CHANGE)  
A-2.7 PROPOSED SEVENTH FLOOR PLAN (NO CHANGE)

CONDITIONAL USE APPLICATION  
FOR OFFICE USE  
CASE NO. 2015-009163CUA

77 GEARY  
SAN FRANCISCO, CA

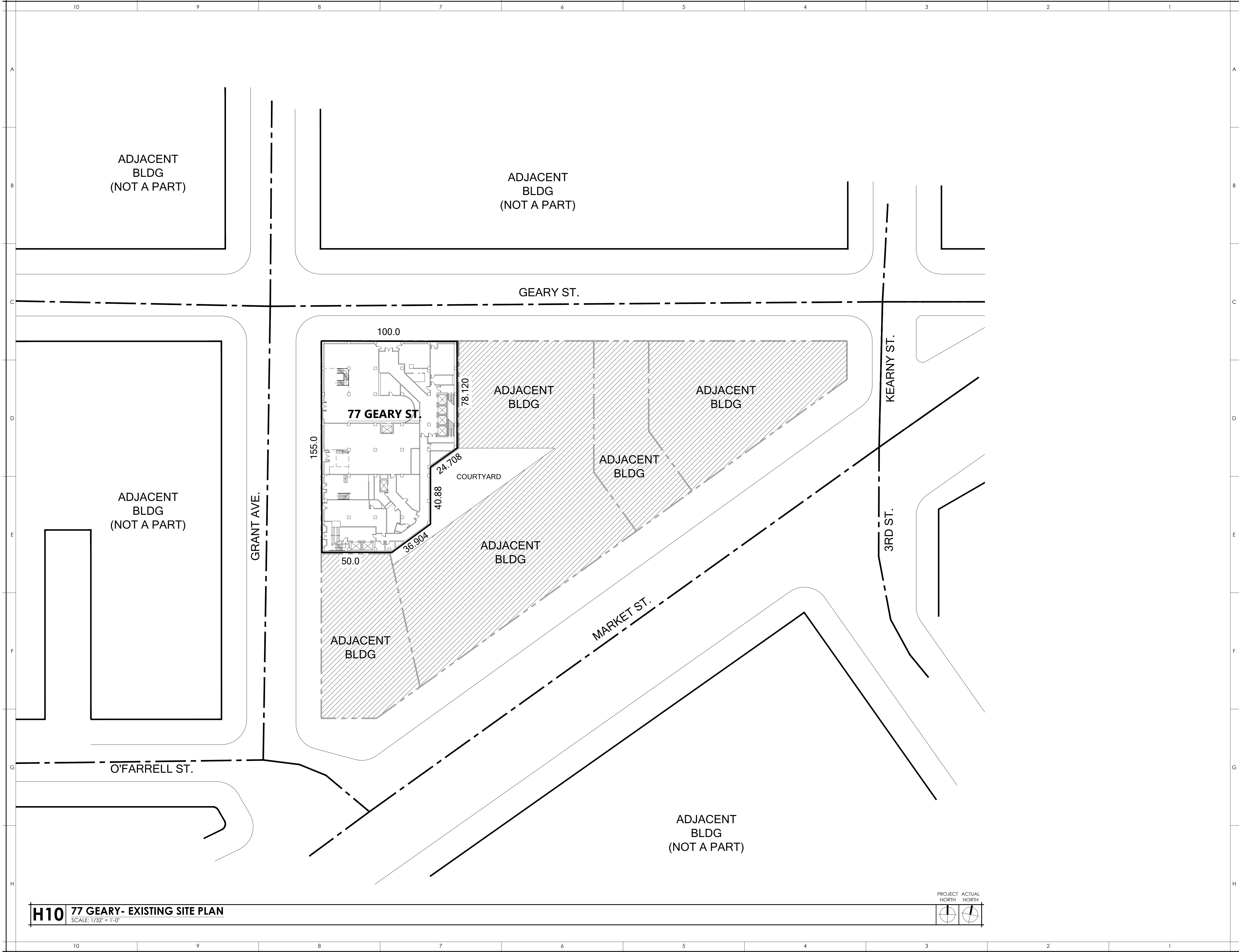
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A18041

8/29/2019

IEEE

CS-1.0



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THOMAS E. JESS ARCHITECT #C27608  
STEPHEN A. RIGOR ARCHITECT #C33672

---

ARCHITECT OF RECORD/CONSULTANT

PROJECT: **CONDITIONAL USE APPLICATION  
FOR OFFICE USE**

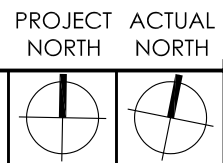
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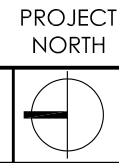
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**H10** EXISTING BASEMENT FLOOR PLAN

SCALE: 1/8" = 1'-0"



**EXISTING TOTAL SQUARE FTG.**

**BASEMENT SQUARE FOOTAGE BY TENANT**

USE	OCCUPANCY	AREA (S.F.)
NESPRESSO	RETAIL	3,271 S.F.
NESPRESSO	STORAGE	1,313 S.F.
DIPTYQUE	STORAGE	200 S.F.
VINE VERA	STORAGE	1,142 S.F.
ACT	STORAGE	582 S.F.
VACANT	STORAGE	405 S.F.
BLDG STORAGE	STORAGE	1,326 S.F.
COMMON	NA	16,070 S.F.
<b>TOTAL</b>		<b>± 24,309 S.F.</b>

**BASEMENT SQUARE FOOTAGE BY USE**

USE	AREA (S.F.)
STORAGE	4,968 S.F.
RETAIL	3,271 S.F.
COMMON AREA	16,070 S.F.
<b>TOTAL</b>	<b>± 24,309 S.F.</b>



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STEPHEN A. RIGOR ARCHITECT #C33872  
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PROJECT:  
**CONDITIONAL USE APPLICATION  
FOR OFFICE USE**  
CASE NO. 2015-009163CUA

PROJECT ADDRESS:  
**77 GEARY**  
SAN FRANCISCO, CA

#	REVISION	DATE
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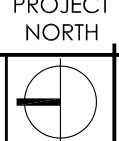
PROJECT **A18041**

DATE **8/29/2019**

SHEET

**A-1.0**

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H10

<b>FIRST FLOOR FOOTAGE BY USE</b>	
<b>USE</b>	<b>AREA (S.F.)</b>
RETAIL	12,021 S.F.
COMMON AREA	4,059 S.F.
<b>TOTAL</b>	<b>± 16,080 S.F.</b>

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STEPHEN A. RIGOR ARCHITECT #C33672

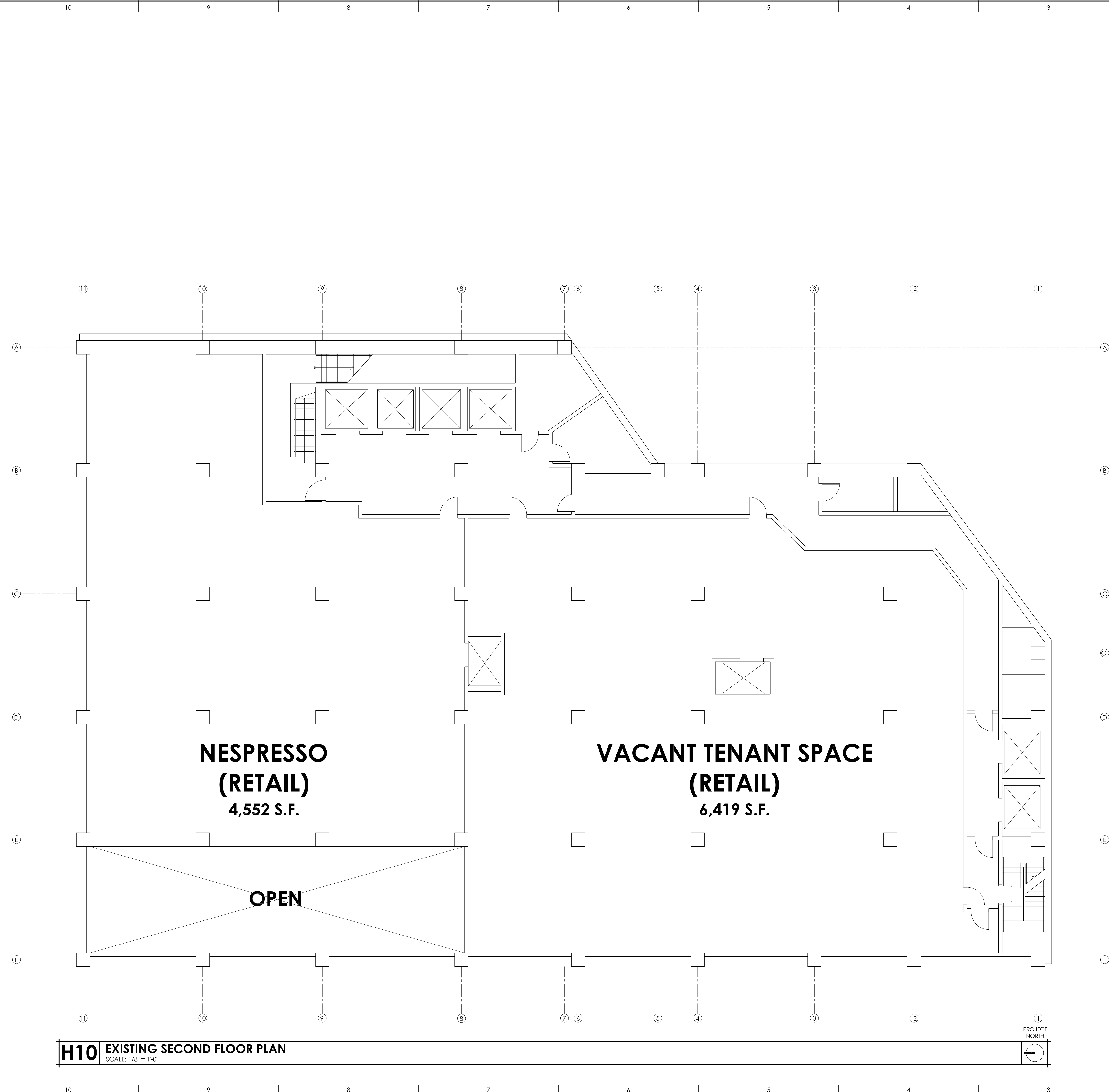
ARCHITECT OF RECORD/CONSULTANT

PROJECT:

PROJECT ADDRESS:

PROJECT	<b>A18041</b>
DATE	8/29/2019
SHEET	

### A-1.1



PROJECT:

PROJECT ADDRESS:

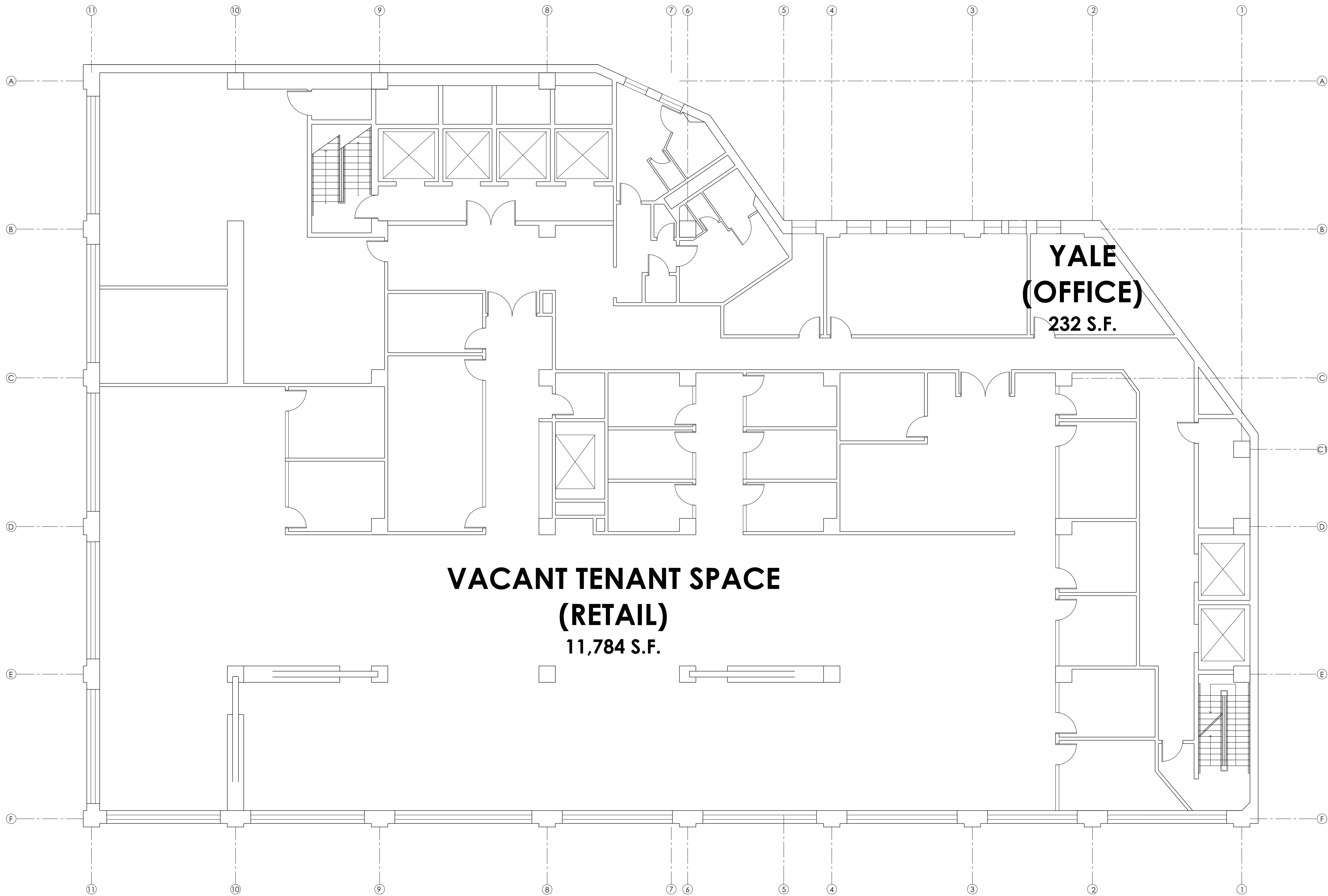
PROJECT  
**A18041**

DATE  
8/29/2019

SHEET

## A-1.2





<b>H10</b>	<b>EXISTING THIRD FLOOR PLAN</b> SCALE: 1/8" = 1'-0"
------------	---

PROJECT  
NORTH

A circular north arrow with a horizontal line pointing to the left, indicating that the left side of the map is North.

EXISTING TOTAL SQUARE FTG.
----------------------------

<b>THIRD FLOOR SQUARE FOOTAGE BY TENANT</b>		
<b><u>USE</u></b>	<b><u>OCCUPANCY</u></b>	<b><u>AREA (S.F.)</u></b>
YALE OFFICE	OFFICE	232 S.F.
VACANT	RETAIL	11,784 S.F.
<u>COMMON</u>	<u>NA</u>	<u>4,064 S.F.</u>
<b>TOTAL</b>		<b>± 16,080 S.F.</b>

<b>THIRD FLOOR FOOTAGE BY USE</b>	
<b><u>USE</u></b>	<b><u>AREA (S.F.)</u></b>
OFFICE	232 S.F.
RETAIL	11,784 SF.
<u>COMMON AREA</u>	<u>4,064 S.F.</u>
<b>TOTAL</b>	<b>± 16,080 S.F.</b>



**Arris**  
STUDIO ARCHITECTS

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STEPHEN A. RIGOR ARCHITECT #C33672

---

ARCHITECT OF RECORD/CONSULTANT

PROJECT: **CONDITIONAL USE APPLICATION  
FOR OFFICE USE**

**CASE NO. 2015-009163CUA**

PROJECT ADDRESS:

77 GEARY

SAN FRANCISCO, CA

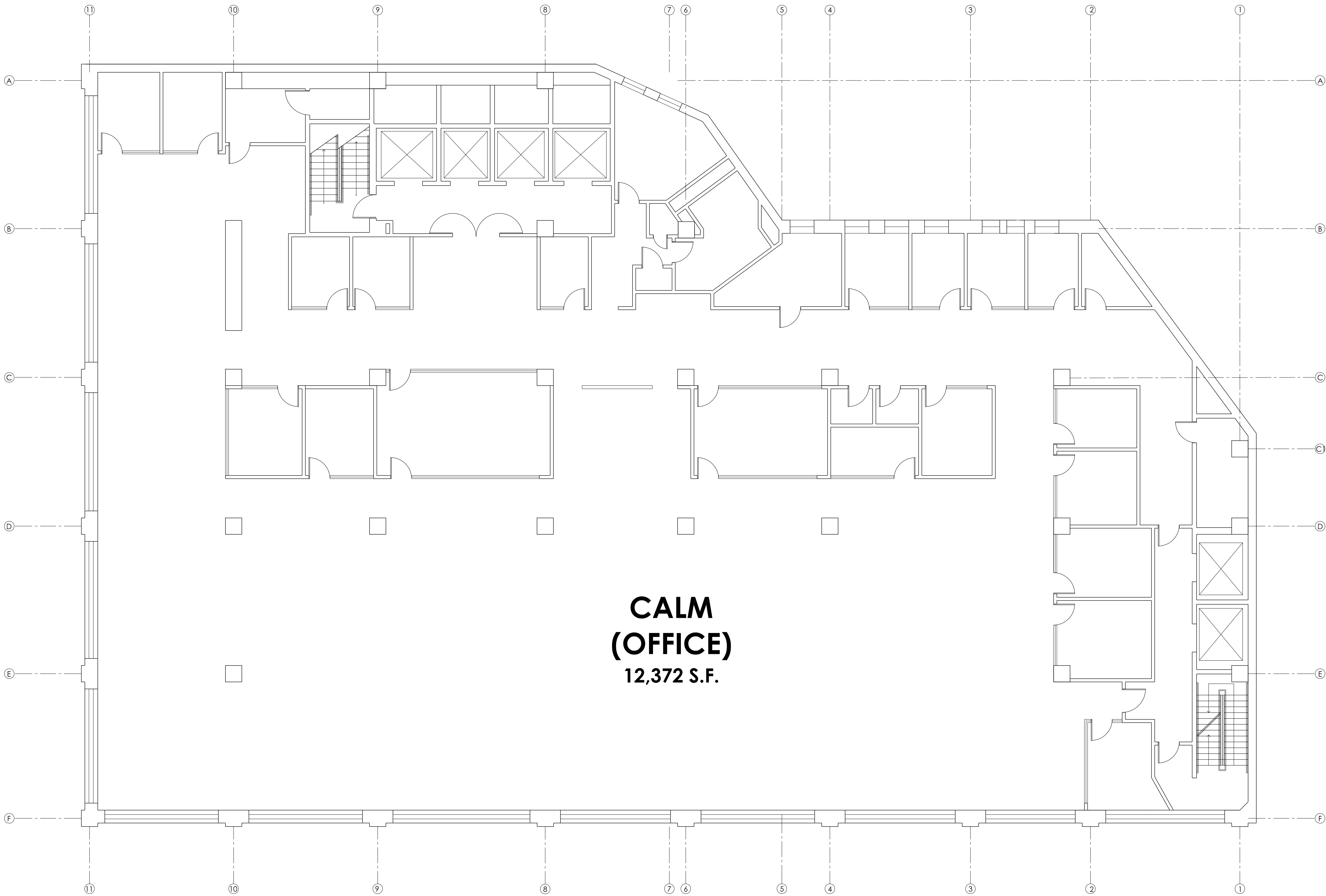
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PROJECT  
**A18041**

DATE  
8/29/2019

SHEET

### A-1.3



<b>H10</b>	<b>EXISTING FOURTH FLOOR PLAN</b> SCALE: 1/8" = 1'-0"
------------	--

PROJEC  
NORTH

A circle with a horizontal line passing through its center, pointing to the left.

EXISTING TOTAL SQUARE FTG.	
----------------------------	--

FOURTH FLOOR SQUARE FOOTAGE BY TENANT		
<u>USE</u>	<u>OCCUPANCY</u>	<u>AREA (S.F.)</u>
CALM	OFFICE	12,372 S.F.
<u>COMMON</u>	<u>NA</u>	<u>3,708 S.F.</u>
<b>TOTAL</b>		<b>± 16,080 S.F.</b>

<u>FOURTH FLOOR FOOTAGE BY USE</u>	
<u>USE</u>	<u>AREA (S.F.)</u>
OFFICE	12,372 S.F.
<u>COMMON AREA</u>	<u>3,708 S.F.</u>
<b>TOTAL</b>	<b>± 16,080 S.F.</b>



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---

ARCHITECT OF RECORD/CONSULTANT

PROJECT: **CONDITIONAL USE APPLICATION  
FOR OFFICE USE**

**CASE NO. 2015-009163CUA**

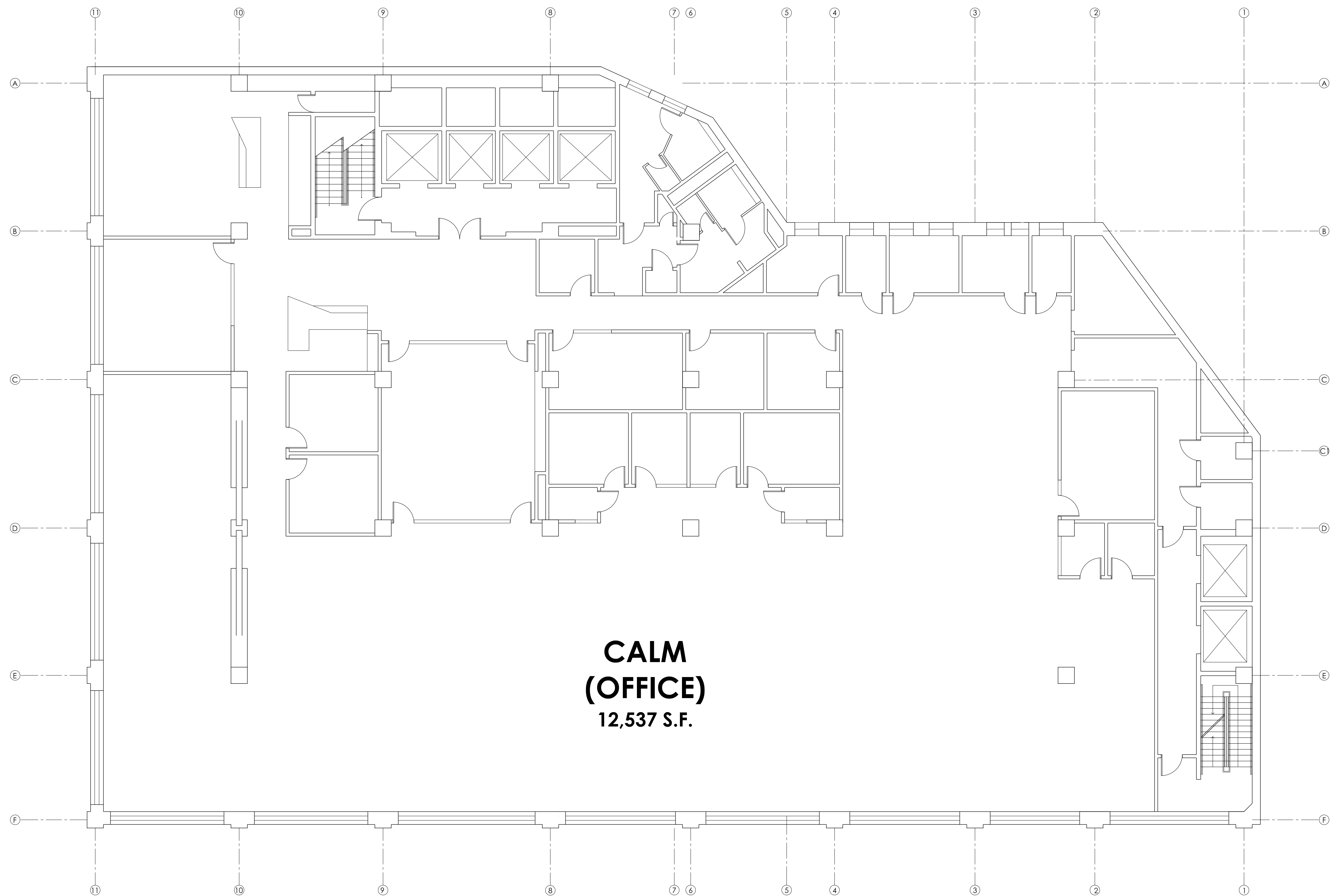
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77 GEARY  
SAN FRANCISCO, CA

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## A-1.4



**CALM  
(OFFICE)  
12,537 S.F.**

PROJECT  
NORTH

A circle with a horizontal line passing through its center, pointing to the left.

EXISTING TOTAL SQUARE FTG.
1,000
2,000
3,000
4,000
5,000
6,000
7,000
8,000
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100,000

<b><u>FIFTH FLOOR SQUARE FOOTAGE BY TENANT</u></b>		
<b><u>USE</u></b>	<b><u>OCCUPANCY</u></b>	<b><u>AREA (\$ F.)</u></b>
CALM	OFFICE	12,537 S.F.
<u>COMMON</u>	<u>NA</u>	<u>3,543 S.F.</u>
<b>TOTAL</b>		<b>± 16,080 S.F.</b>

<b><u>FIFTH FLOOR FOOTAGE BY USE</u></b>	
<b><u>USE</u></b>	<b><u>AREA (S.F.)</u></b>
OFFICE	12,537 S.F.
<u>COMMON AREA</u>	<u>3,543 S.F.</u>
<b>TOTAL</b>	<b>± 16,080 S.F.</b>



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STEPHEN A. RIGOR ARCHITECT #C33672

ARCHITECT OF RECORD/CONSULTANT

OBJECT: **CONDITIONAL USE APPLICATION  
FOR OFFICE USE**

**CASE NO. 2015-009163 CUA**

PROJECT ADDRESS:

77 GEARY

SAN FRANCISCO, CA

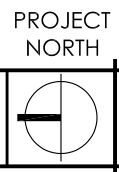
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A18041

DATE 8/29/2019

SHEET

## A-1.5



**H10** **EXISTING SIXTH FLOOR PLAN**  
SCALE: 1/8" = 1'-0"

<b>USE</b>	<b>AREA (S.F.)</b>
OFFICE	12,543 S.F.
<u>COMMON AREA</u>	<u>3,537 S.F.</u>
<b>TOTAL</b>	<b>± 16,080 S.F.</b>

ADDRESS  
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THOMAS E. JESS ARCHITECT #C27608  
STEPHEN A. RIGOR ARCHITECT #C33672

---

ARCHITECT OF RECORD/CONSULTANT

PROJECT: **CONDITIONAL USE APPLICATION  
FOR OFFICE USE**

CASE NO. 2015-009163CUA

PROJECT ADDRESS:

77 GEARY

SAN FRANCISCO, CA

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**A18041**

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DATE

8/29/2019

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SHEET

**A-1.6**



ADDRESS  
327 ARCHER STREET  
SAN LUIS OBISPO, CA 93401  
CONTACT  
05.547.2240  
ARRIS-STUDIO.COM  
TOMAS E. JESS ARCHITECT #C27408  
STEPHEN A. RIGOR ARCHITECT #C33672  
ARCHITECT OF RECORD/CONSULTANT

PROJECT:  
CONDITIONAL USE APPLICATION  
FOR OFFICE USE  
CASE NO. 2015-009163C U A

PROJECT ADDRESS:

77 GEARY

SAN FRANCISCO, CA

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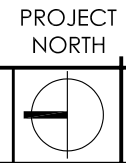
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**H10** PROPOSED BASEMENT FLOOR PLAN (NO CHANGE)

SCALE: 1/8" = 1'-0"



**PROPOSED TOTAL SQUARE FTG.**

**BASEMENT SQUARE FOOTAGE BY TENANT**

USE	OCCUPANCY	AREA (S.F.)
NESPRESSO	RETAIL	3,271 S.F.
NESPRESSO	STORAGE	1,313 S.F.
DIPTYQUE	STORAGE	200 S.F.
VINE VERA	STORAGE	1,142 S.F.
ACT	STORAGE	582 S.F.
VACANT	STORAGE	405 S.F.
BLDG STORAGE	STORAGE	1,326 S.F.
COMMON	NA	16,070 S.F.
<b>TOTAL</b>		<b>± 24,309 S.F.</b>

**BASEMENT SQUARE FOOTAGE BY USE**

USE	AREA (S.F.)
STORAGE	4,968 S.F.
RETAIL	3,271 S.F.
COMMON AREA	16,070 S.F.
<b>TOTAL</b>	<b>± 24,309 S.F.</b>



ADDRESS  
1327 ARCHER STREET  
SAN LUIS OBISPO, CA 93401  
CONTACT  
805.547.2240  
ARRIS-STUDIO.COM  
THOMAS E. JESS ARCHITECT #C27608  
STEPHEN A. RIGOR ARCHITECT #C33872  
ARCHITECT OF RECORD/CONSULTANT

PROJECT:  
**CONDITIONAL USE APPLICATION  
FOR OFFICE USE**  
CASE NO. 2015-009163CUA

PROJECT ADDRESS:  
**77 GEARY**  
SAN FRANCISCO, CA

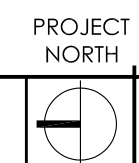
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PROJECT **A18041**

DATE **8/29/2019**

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**A-2.0**



H10	
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PROPOSED TOTAL SQUARE FTG.		
FIRST FLOOR FOOTAGE BY TENANT		
USE	OCCUPANCY	AREA (S.F.)
NESPRESSO	RETAIL	4,494 S.F.
DIFTYQUE	RETAIL	854 S.F.
VILBERQUIN	RETAIL	792 S.F.
DELT BAKKER	RETAIL	4,000 S.F.
VINE VERA	RETAIL	800 S.F.
ESALON	RETAIL	1,079 S.F.
COMMON	N/A	4,059 S.F.
TOTAL		± 16,080 S.F.
FIRST FLOOR FOOTAGE BY USE		
USE	AREA (S.F.)	
RETAIL	12,021 S.F.	
COMMON AREA	4,059 S.F.	
TOTAL		± 16,080 S.F.



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STEPHEN A. RIGOR ARCHITECT #C33672

ARCHITECT OF RECORD/CONSULTANT

PROJECT: **CONDITIONAL USE APPLICATION  
FOR OFFICE USE**

CASE NO. 2015-009163C U A

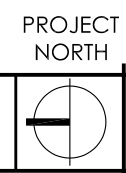
77 GEARY  
SAN FRANCISCO, CA

[illegible]PROJECT **A18041**

DATE 8/29/2019

SHEET

## A-2.1



H10	
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USE	AREA (S.F.)
RETAIL	4,552 S.F.
VACANT	6,419 S.F.
COMMON AREA	3,927 S.F.
<b>TOTAL</b>	<b>± 14,898 S.F.</b>



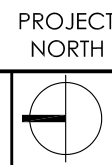
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PROJECT ADDRESS:

PROJECT  
**A18041**  
DATE  
8/29/2019  
SHEET

## A-2.2





H10	
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TOTAL SQUARE FOOTAGE		
THIRD FLOOR SQUARE FOOTAGE BY TENANT		
USE	OCCUPANCY	AREA (S.F.)
YALE OFFICE	OFFICE	232 S.F.
VACANT	VACANT	11,784 S.F.
COMMON	NA	4,064 S.F.
TOTAL		± 16,080 S.F.
THIRD FLOOR FOOTAGE BY USE		
USE	AREA (S.F.)	
OFFICE	232 S.F.	
OFFICE	11,784 SF.	
COMMON AREA	4,064 S.F.	
TOTAL	± 16,080 S.F.	



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ARCHITECT OF RECORD/CONSULTANT

PROJECT: **CONDITIONAL USE APPLICATION  
FOR OFFICE USE**

CASE NO. 2015-009163CUA

PROJECT ADDRESS:

77 GEARY

SAN FRANCISCO, CA

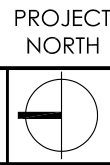
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PROJECT  
**A18041**

DATE  
8/29/2019

SHEET

### A-2.3



H10
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PROPOSED TOTAL SQUARE FTG.
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**Arris**  
STUDIO ARCHITECTS

PROJECT: **CONDITIONAL USE APPLICATION  
FOR OFFICE USE**

**CASE NO. 2015-009163CUA**

PROJECT ADDRESS:

77 GEARY

SAN FRANCISCO, CA

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PROJECT  
**A18041**

DATE  
8/29/2019

SHEET

## A-2.4



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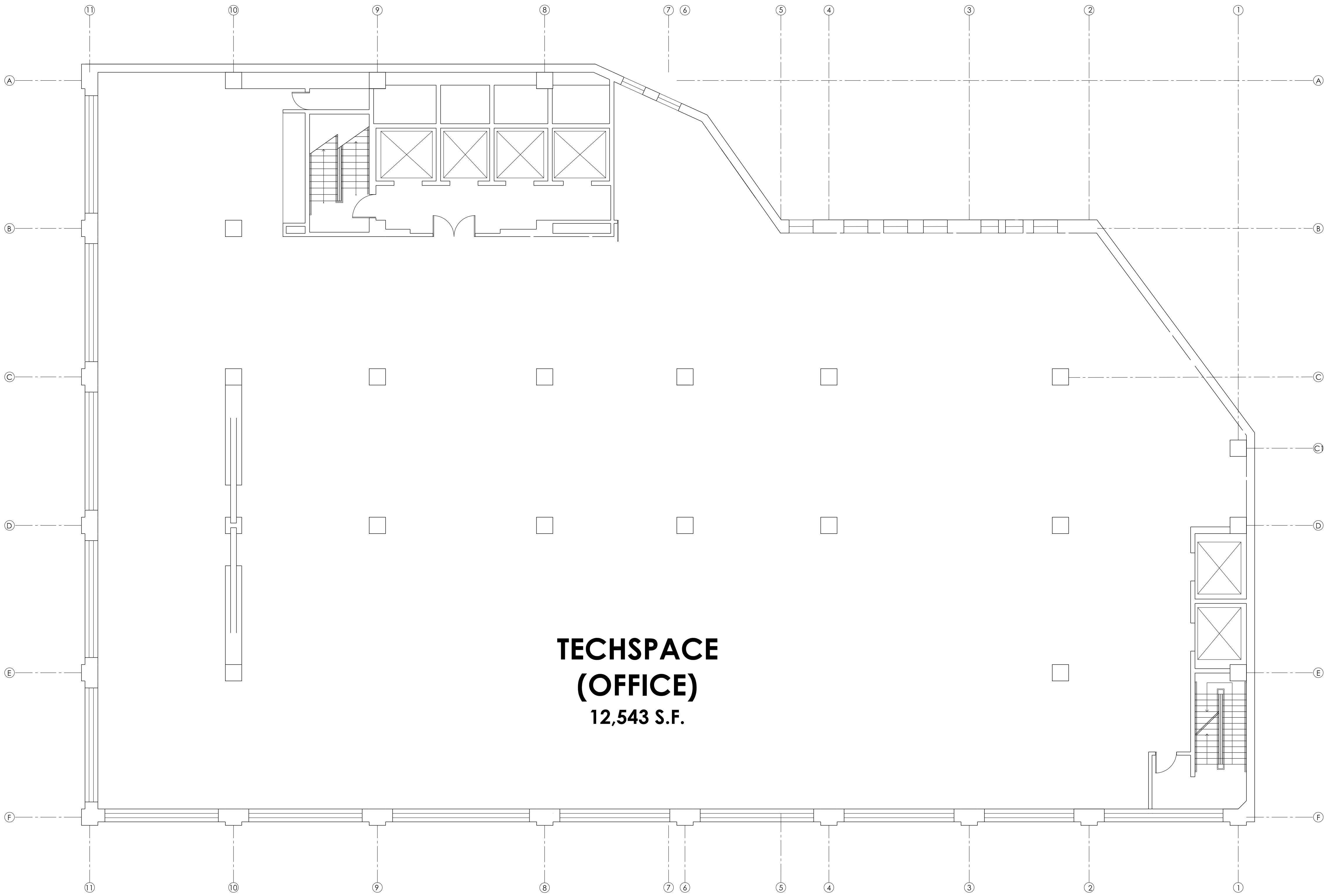


PROJECT:

PROJECT ADDRESS:

PROJECT  
**A18041**  
DATE  
8/29/2019  
SHEET

## A-2.5



H10	
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### PROPOSED SIXTH FLOOR PLAN (NO CHANGE)

SCALE: 1/8" = 1'-0"

PROJECT  
NORTH

PROPOSED TOTAL SQUARE FTG.
----------------------------

<u>SIXTH FLOOR SQUARE FOOTAGE BY TENANT</u>		
<u>USE</u>	<u>OCCUPANCY</u>	<u>AREA (S.F.)</u>
TECHSPACE	OFFICE	12,543 S.F.
<u>COMMON</u>	<u>NA</u>	<u>3,537 S.F.</u>
<b>TOTAL</b>		<b>± 16,080 S.F.</b>

<u>SIXTH FLOOR FOOTAGE BY USE</u>	
<u>USE</u>	<u>AREA (S.F.)</u>
OFFICE	12,543 S.F.
<u>COMMON AREA</u>	<u>3,537 S.F.</u>
<b>TOTAL</b>	<b>± 16,080 S.F.</b>



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STEPHEN A. RIGOR ARCHITECT #C33672

---

ARCHITECT OF RECORD/CONSULTANT

PROJECT:

CONDITIONAL USE APPLICATION  
FOR OFFICE USE  
CASE NO. 2015-009163CUA

PROJECT ADDRESS:

77 GEARY  
SAN FRANCISCO, CA

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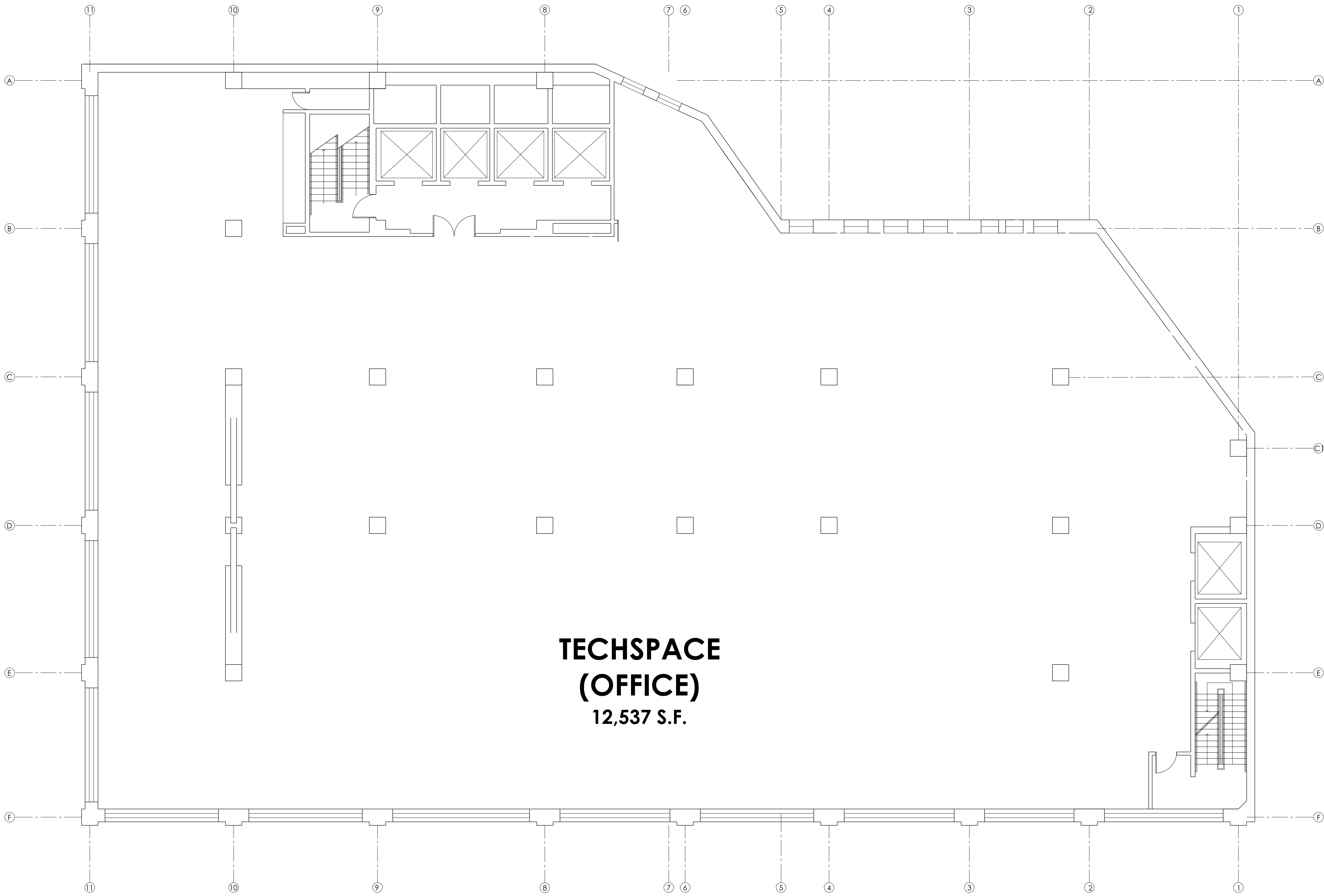
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DATE 8/29/2019


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## A-2.6





PROJECT  
NORTH

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EXISTING TOTAL SQUARE FTG.	
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SEVENTH FLOOR SQUARE FOOTAGE BY TENANT		
USE	OCCUPANCY	AREA (S.F.)
TECHSPACE	OFFICE	12,543 S.F.
COMMON	NA	3,537 S.F.
TOTAL		± 16,080 S.F.

<u>SEVENTH FLOOR FOOTAGE BY USE</u>	
<u>USE</u>	<u>AREA (S.F.)</u>
OFFICE	12,543 S.F.
<u>COMMON AREA</u>	<u>3,537 S.F.</u>
<b>TOTAL</b>	<b>± 16,080 S.F.</b>



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PROJECT: **CONDITIONAL USE APPLICATION  
FOR OFFICE USE**  
**CASE NO. 2015-009163CUA**

PROJECT ADDRESS:

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77 GEARY  
SAN FRANCISCO, CA

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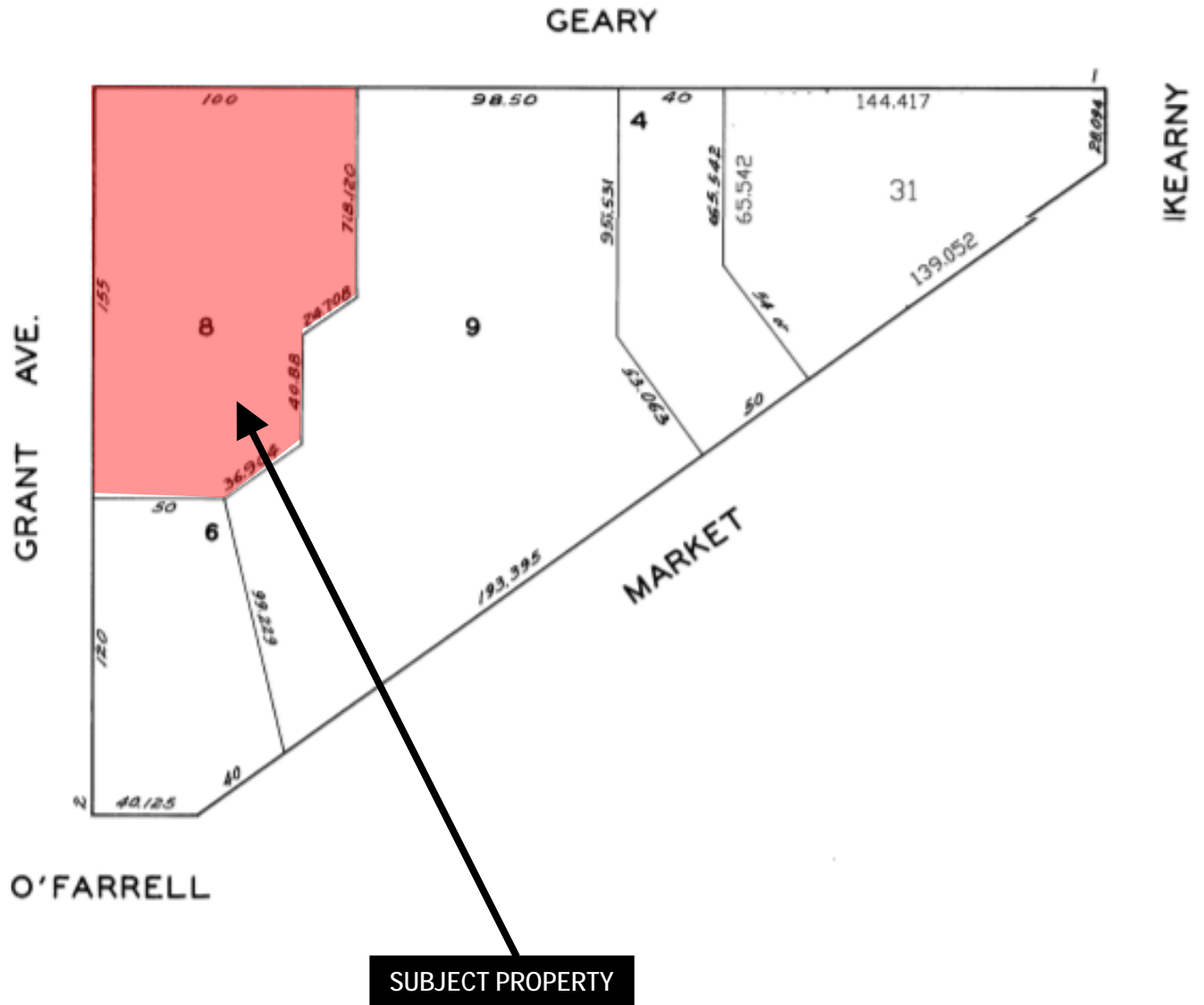
DATE 8/29/2019

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## A-2.7

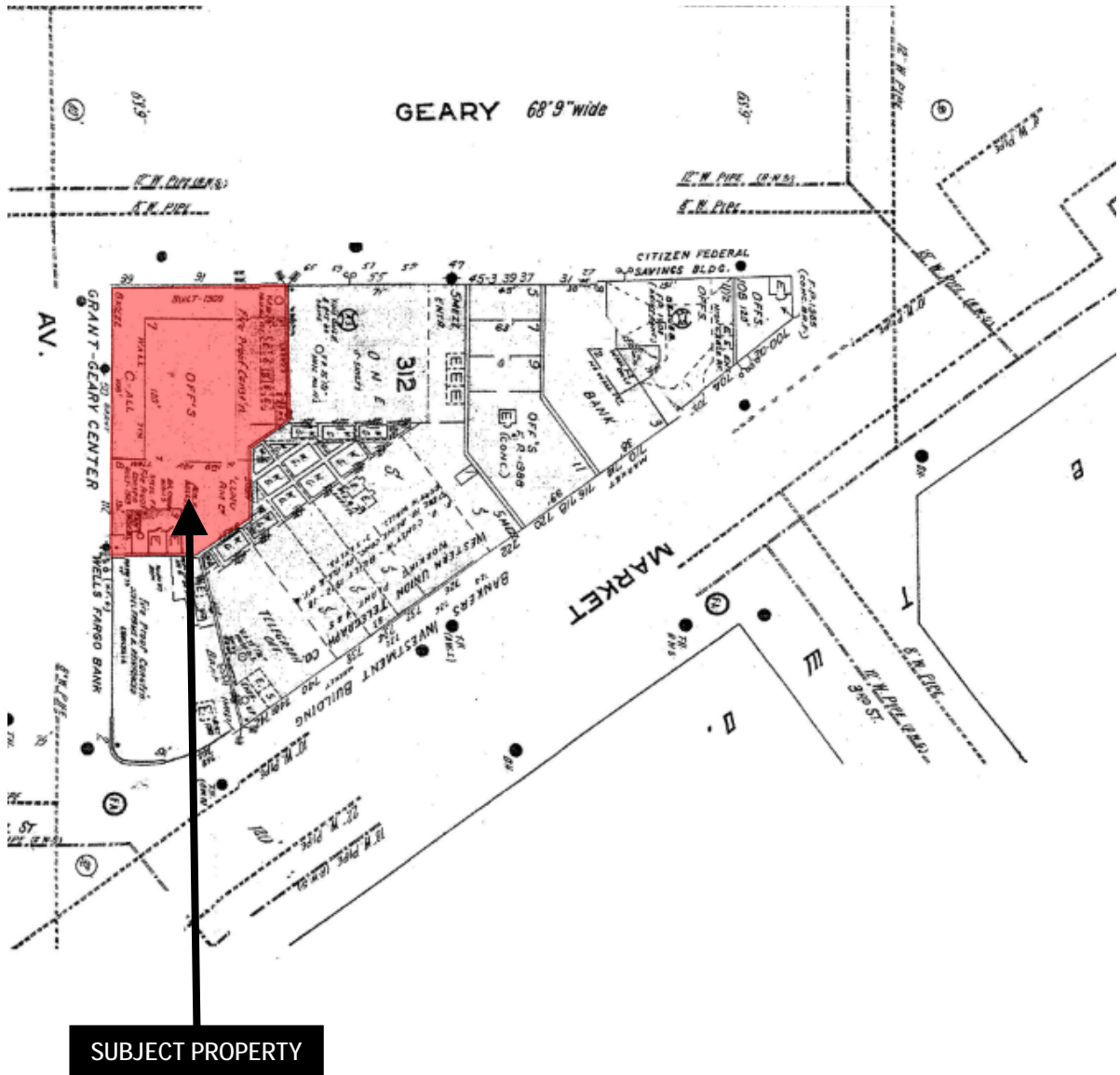


# Parcel Map



Conditional Use Authorization  
Case Number 2015-009163CUA  
77 Geary Street

# Sanborn Map\*

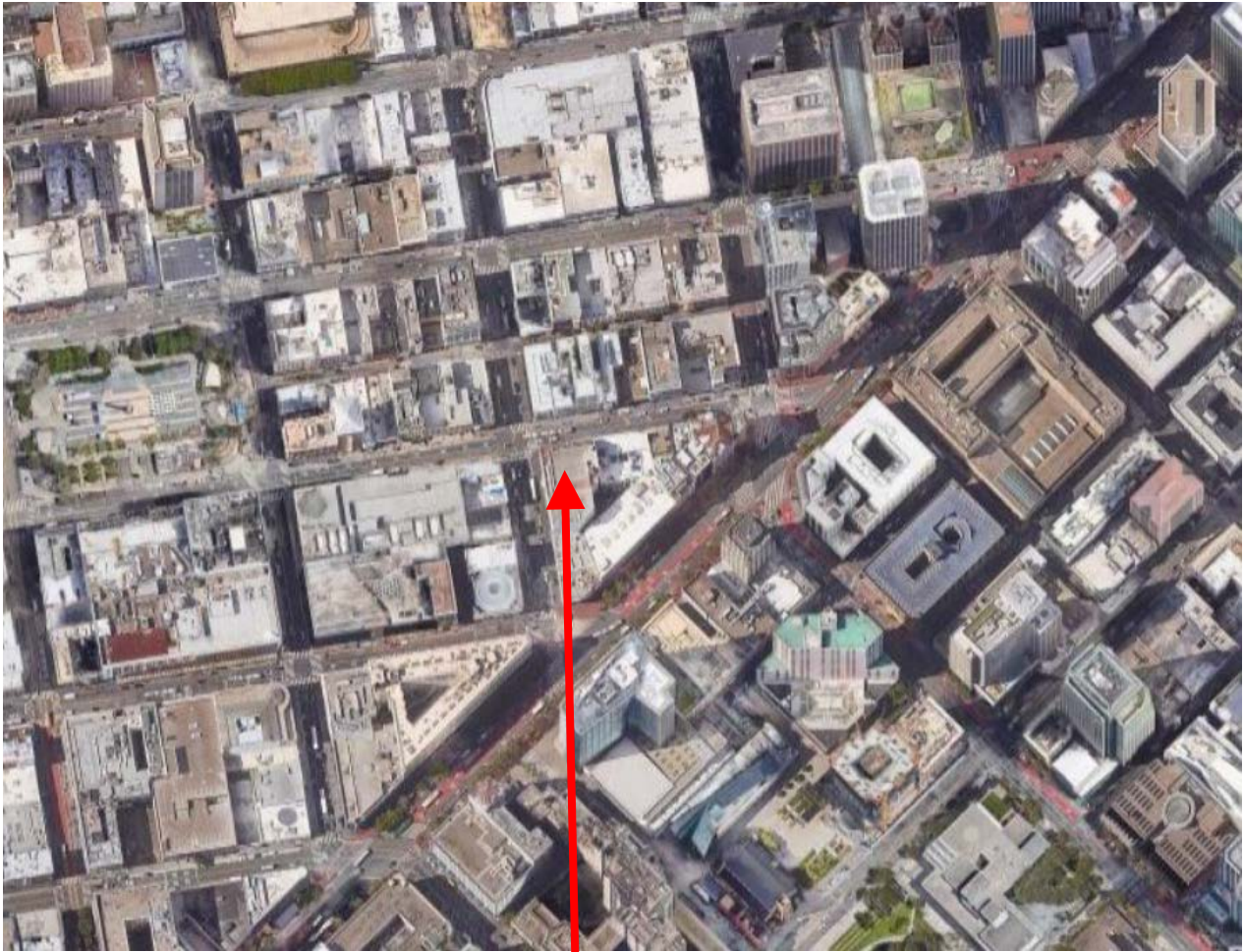


\*The Sanborn Maps in San Francisco have not been updated since 1998, and this map may not accurately reflect existing conditions.



Conditional Use Authorization  
Case Number 2015-009163CUA  
77 Geary Street

# Aerial Photo

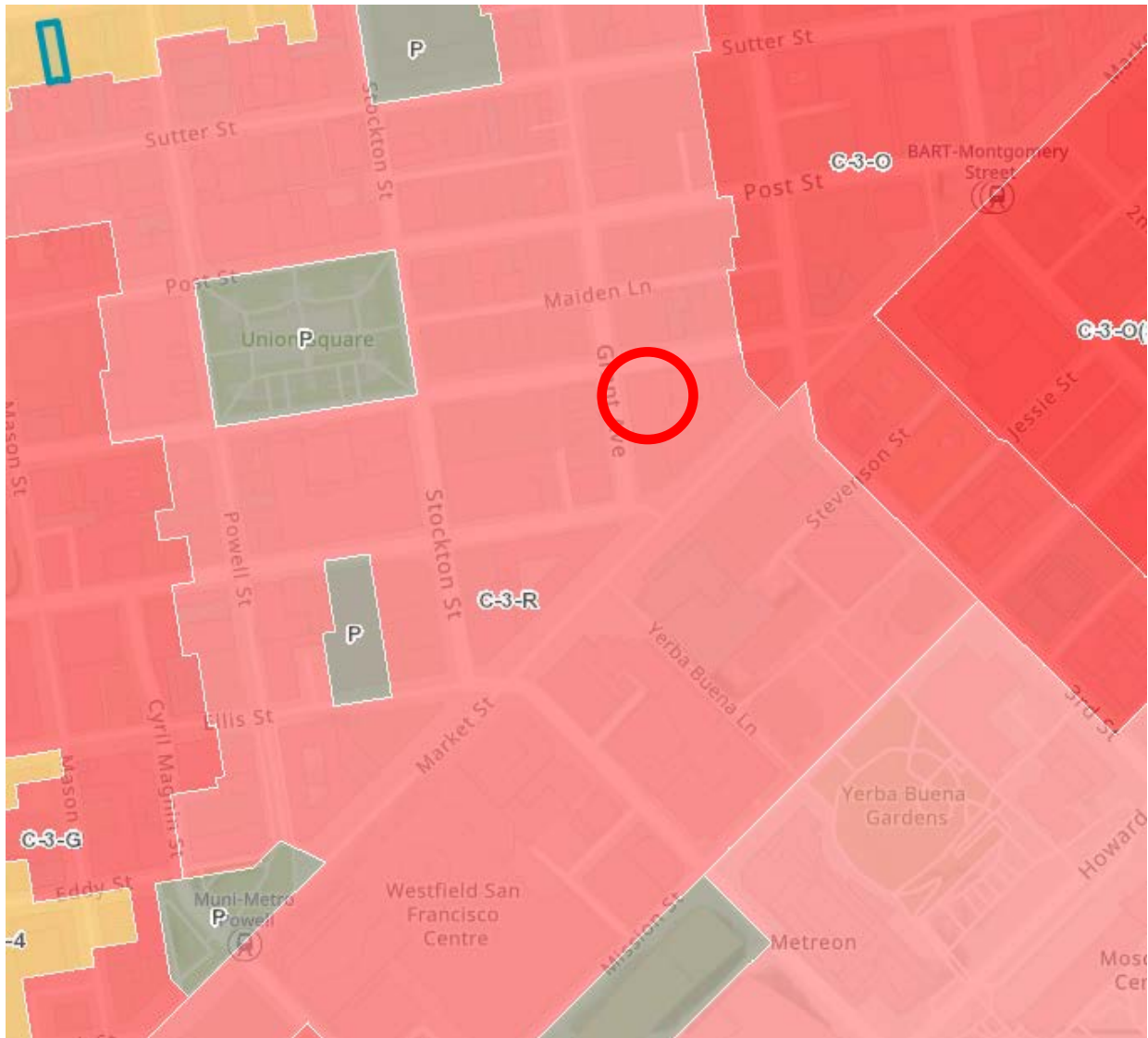


SUBJECT PROPERTY



Conditional Use Authorization  
Case Number 2015-009163CUA  
77 Geary Street

# Zoning Map



Conditional Use Authorization  
Case Number 2015-009163CUA  
77 Geary Street

# REUBEN, JUNIUS & ROSE, LLP

Thomas Tunny  
ttunny@reubenlaw.com

January 13, 2021

## **Delivered Via Email**

President Joel Koppel  
San Francisco Planning Commission  
49 South Van Ness Avenue, 14<sup>th</sup> Floor  
San Francisco, CA 94103

**Re: 77 Geary Street  
Project Sponsor Submittal  
Planning Department Case No. 2015-009163CUA  
Hearing Date: January 28, 2021**

Dear President Koppel and Commissioners:

We are working with G&G Partners, L.P., family owners of the property located at 77 Geary Street (at the southeast corner of Geary Street and Grant Avenue; the “Property,” see Exhibit A). The Property owner is seeking a Conditional Use Authorization (“CU”) allowing office uses on the third floor of the existing 10-story building (the “Project”). The retail market today, as we know, is non-existent. Pre-pandemic, it was experiencing a steady and pronounced decline and restructuring. Post-pandemic is expected to be worse. The third floor at the Property is too far from the street, too isolated to reach within the building, and too big (12,000 square feet) to support retail uses. (Exhibit B.) The Property owner has not been able to find a retail tenant for the third floor for over three years. There is no demand in the retail market for third floor space of this nature, and no indication there ever will.

For these reasons and the many discussed below, Staff recommends approval of the Project. The Union Square Business Improvement District also supports the Project, and we respectfully request that the Planning Commission, too, support and approve the Project.

## **I. PROJECT BENEFITS**

- Conversion of the third floor helps re-activate the entire building and eliminate existing vacancies as we enter a post-pandemic world. The pandemic has rendered the building largely empty on a permanent basis (see stacking plan attached as Exhibit C), with new tenancies needed at all levels. The building has significant retail vacancies on the ground floor and the entire second floor is vacant. The existing retail tenants are currently experiencing significant distress and the viability of the existing retail leases is tenuous. Allowing office uses on the third floor gives the Property owner much-needed flexibility going forward post-pandemic;



- The conversion would bring office tenants and employees to the building and neighborhood, resulting in regular patrons and additional foot-traffic to help the broader Union Square retailers recover post-pandemic. Union Square is replete with vacancies and the forecast is bleak even when some semblance of normalcy returns. Among high-profile retailers, Brooks Brothers will not re-open at 240 Post Street and Gap is permanently closed at 890 Market (see retail availability map attached as Exhibit D);
- Conversion results in a compatible mix of lower level retail and upper floor office uses; and
- Payment of the (new) \$6.33/sf Union Square Park, Recreation and Open Space fee, along with other impact fees.

## II. UPPER FLOOR RETAIL-TO-OFFICE LEGISLATION

The Project's CU application originally was filed in late 2015, but was put on hold first during the pendency of the City's re-evaluation and implementation of policies and controls applicable to upper floor uses in Union Square, and now the COVID-19 pandemic. Conversion of retail uses in the C-3-R zoning district (encompassing primarily the Union Square neighborhood) have been subject to the CU requirement since 1985, the adoption of the Downtown Plan.

In May 2018, the Board of Supervisors ("BOS") adopted interim controls that effectively paused all pending retail-to-office applications from proceeding until permanent controls were adopted. Many property owners and other stakeholders worked closely and cooperatively with (District) Supervisor Peskin on the permanent controls, which were approved by the BOS in early 2019.

In summary, the permanent controls, per BOS Ordinance No. 23-19, provide as follows:

Building Floor	Office Permissibility and Controls
Floors 1-2	Not Permitted; Office uses (and other Non-Retail Sales and Service uses) are <u>not</u> permitted unless the use offers on-site services to the general public.
Floor 3	Office uses require a CU, and are subject to consideration of newly-adopted factors.
Floor 4-6, with <5,000 sf	Office use principally permitted.
Floor 4-6, with >5,000 sf	Office uses require a CU, but are subject only to standard CU criteria only.
Floor 7 & above	All office uses are principally permitted.

Prior to the BOS' adoption of the permanent controls, the Planning Commission held a hearing to consider its recommendation on the legislation. All but one of the Commissioners spoke in favor of allowing flexibility on the 3<sup>rd</sup> floor uses, and the Commission recommended allowing office uses on the 3<sup>rd</sup> floor with a CU.

### III. PROJECT AND PROPERTY DESCRIPTION

The subject building is a ten-story building known as the “Liebes Building,” designed by master architect William Mooser and constructed in 1929. The building is designated under Article 11 of the Planning Code as a Category I (Significant Building) historic building, and is located in the Kearny-Market-Mason-Sutter Historic District.

The building originally housed the I. Magnin department store with large, 12,000-square-foot floorplates. These large floors are remnants of an antiquated era and are impractical for today's retailers, particularly on the upper floors. The second and third floors have poor visibility from the street, are accessible only by interior elevators, and don't work as smaller, subdivided spaces because most of the spaces would be isolated in the interior with no access to light.

Located at the southeast corner of Geary and Grant Streets, the Property is less than one block from Market Street to the south, and one block from Kearny Street to the east. This proximity to downtown makes office use more sensible.

Unlike other Union Square buildings owned by institutional investors, the Property has been family-owned since the early 1990's. The family made great efforts to maintain retail uses on the upper floors in recent years, allowing gallery tenants to remain at deeply discounted rents. However, ultimately, the tenants could not survive even with these subsidies. The American Conservatory Theater (non-profit) has leased their space at reduced rates for over 30 years. They have recently vacated due to financial reasons.

### IV. PROJECT'S COMPLIANCE WITH CU CRITERIA AND CONSIDERATIONS

The 2019 Retail-to-Office legislation includes additional criteria and factors for the Commission to evaluate beyond the Section 303 findings. The following shows the Project's 3<sup>rd</sup> floor compliance with the additional criteria/factors.

- (1) The proposed use would not require modification of the location that would negatively impact existing architectural, historic and aesthetic features, or otherwise inhibit the conversion back to a principally-permitted use in the future.**

The building's historic preservation status means that physical changes to the building facade are highly restricted, if not prohibited. The proposed office use would not require any changes to the building that would impact its architectural, historic and aesthetic features, or otherwise inhibit the conversion back to a principally-permitted use in the future. In fact, the building's historic facade is a significant factor making retail impractical on the third floor.

As stated, the building originally housed the I. Magnin department store with large, 12,000-square-foot floorplates. I. Magnin occupied the building until the mid-20<sup>th</sup> century, and then Ransahoff's department store occupied the building until the 1970s. In the late 1970s, the Planning Commission approved an office conversion for all of the upper floors, including the third floor.

The building's historic façade has not been altered. (See Exhibit A.) The first floor fenestration consists of large pane windows providing high visibility from the street. The second floor fenestration, by contrast, consists of smaller-paned windows with vertical muntins, which, combined with their distance from the street, allow for far less visibility. The third floor fenestration consists of windows with vertical and horizontal muntins dividing the windows into even smaller panes, and are even further from the street, resulting in even less visibility from the street. This poor visibility from the street makes the third floor unattractive to retailers. Because the building's fenestration is a character-defining feature, it is not subject to alteration.

In addition, no changes would be made to the existing access to the third floor. Existing access is via an elevator at the rear of the building, which itself is accessed by a long hallway and a secondary building entrance. The proposed office use may involve tenant improvements to the third floor, but those improvements would in no way inhibit the later occupancy of the space by a retail tenant.

**(2) The proposed use would not have an actual or potential adverse impact on adjacent zoning districts in which non-retail sales and services uses are not permitted.**

The nearest zoning districts where non-retail sales and service uses are not permitted are the Chinatown Community Business District, located three blocks to the north, and the RC-4 and RM-4 Districts, located four blocks to the north. These districts are located too far away from the subject property to be impacted by the proposed use. In contrast, the property is located one-half block from the C-3-O District, the City's downtown office district where office uses are principally permitted, making this location more sensible for office uses.





**(3) The proposed use will not result in the development of non-retail sales and services uses such that the District's primary function is no longer an area for comparison shopper retailing and direct consumer services.**

The proposed use would not displace retail uses and change the character of the District as an area for retail shopping and direct consumer services, due primarily to the changing nature of retail and the lack of interest in the subject space by retailers. It is beyond dispute now that the retail economy has changed fundamentally, both nationally and in Union Square, and retailers no longer have any interest in large upper floor spaces.

Before the pandemic, mainstream media was referring to retail store closures as the "retail apocalypse" and published reports almost daily on "sagging sales in the troubled sector." Retail real estate expert Mark Rivers has studied Union Square in particular, and found that the district will continue to see a "[c]ontinued upward trajectory of online shopping, further diluting traditional brick-and-mortar retail," and a "[s]teep decline of viable pipeline of retail-related or adaptively-repurposed uses in traditional physical settings." (See Exhibit E.)

The numbers in Union Square evidence this new reality. The ground floor vacancy rate, either by sublease or direct lease, in Fall 2019 was 19.21%. Today, in the midst of the pandemic, the rate is 28%. This is a dramatic increase since 2014, when the same number was 4.58%, and the attached shows that the trend is clearly upward regardless of COVID-19. (See Exhibit E.) Vacancy rates above 10% are considered unhealthy. Long term viability of existing leases is uncertain. Significant restructuring and potential termination of many retail leases is likely to occur upon the lifting of the pandemic.

Of 237 prime ground floor spaces in the District, 69 are being directly marketed and another 16 could be made available, a total of 85, or 35%, of the spaces in the District. This number is up from 36, or 17%, just two years ago.

The third floor at the property has been particularly difficult to lease to retailers. The space was vacant for 18 months prior to being occupied by MuleSoft, an office use. MuleSoft vacated in August 2018, and the space has been vacant since then. In the time after that until the pandemic, the space had tours by three retailers in that time, all who declined to move forward. Four others expressed interest, but decided not to pursue it because of the upper floor location. During the pandemic, two furniture companies expressed interest, but they wanted a ground floor space. A jeweler expressed interest, but it would have been 75% office.

These potential tenants all named the same problem when declining the space: the lack of access to and street visibility of the third floor. The third floor historically has been used more by office than retail. The Planning Commission approved office uses on all upper levels of the building in 1978.

The foregoing is irrefutable evidence of a significant, persistent, and worsening problem in Union Square finding retail tenants. The Union Square Business Improvement District fully

supports an office use on the third floor at 77 Geary. Activating this space with an office use will not change the retail character of Union Square because this space would otherwise be vacant. More importantly, bringing an office use and increased foot traffic to the District will help support existing retail and the growth of additional retail.

**(4) Whether the proposed use would complement or support principally-permitted uses in the District.**

As shown above, the proposed office use would activate an otherwise vacant space and help support struggling retail in the District.

**(5) Whether the site of the proposed use is not conducive to any principally-permitted uses in the District by virtue of physical limitations, including but not limited to the size and orientation of the floor plate and the nature of independent access to the third floor.**

The third floor has a very large floor area at approximately 12,000 square feet and windows on only two of the four sides. This means that only a small portion of the space has any access to the windows. Retailers have very little interest in spaces without light or visual access to the street. In addition, the little window area that exists provides only limited visibility because of its distance from the street and the design of the historic glazing.

Access to the third floor also is a major inhibiting factor for retailers. The only access to the third floor is by a rear elevator accessible only through a secondary building entrance and a long ground floor hallway, with little signage or visibility. This building configuration was created when the Planning Commission approved office uses for all upper floors in 1978. The access was designed and intended for office use. Retailers have no interest in a space with such poor access.

**V. CONCLUSION**

For all of the foregoing reasons, we respectfully request that the Planning Commission approve the Project as proposed.

Very truly yours,

**REUBEN, JUNIUS & ROSE, LLP**

A handwritten signature in blue ink, appearing to read 'T Tunny', is written over the printed name of Thomas Tunny.

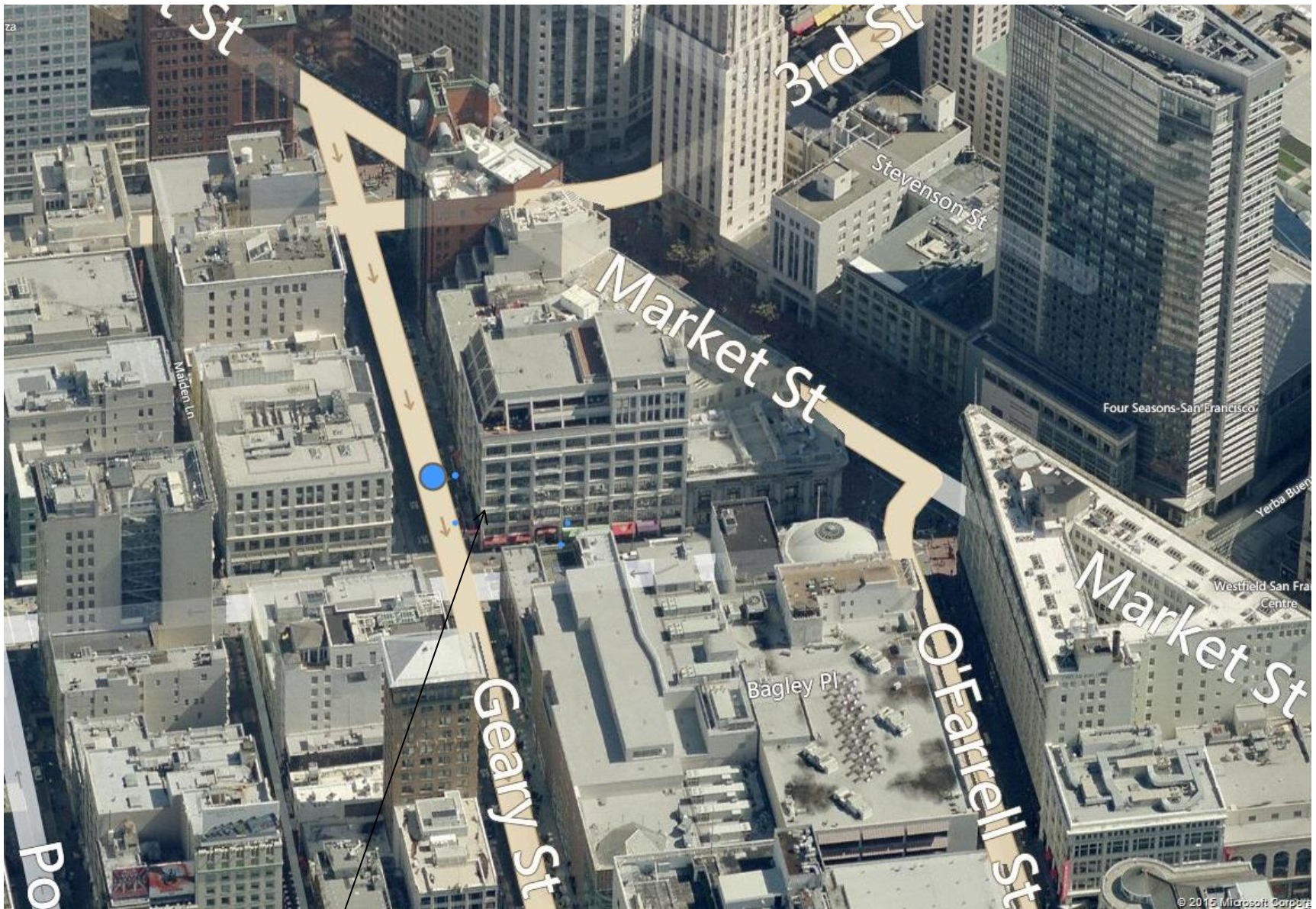
Thomas Tunny

Enclosures  
cc: G&G Partners

## **LIST OF EXHIBITS**

Exhibit A	Street Map and Property Photo
Exhibit B	Property Photos
Exhibit C	Stacking Plan
Exhibit D	Retail Map Availability
Exhibit E	Real Estate Trends Report
Exhibit F	Union Square Historical Ground Floor Survey

## **EXHIBIT A**



**77 Geary Street, San Francisco**





**77 Geary Street, San Francisco**







## **EXHIBIT B**





**Building Entrance  
For Access to Third  
Floor**





J. MAGNINI & CO

Building  
Entrance For  
Access to Third  
Floor

77 GEARY STREET







**Interior Hallway to  
Elevators to Third  
Floor**



Elevators to Third Floor



## **EXHIBIT C**

Grant & Geary											
FL.	STACKING PLAN										
10	American Conservatory Theatre (ACT) 25,381 8/31/2023 (Tenant Vacated Space)										
9											
8											
7	Industrious 25,086 8/31/2025 (Largely Vacated)										
6											
5	CALM 12,537 10/31/2026 (Tenant is marketing this floor for sublease)										
4	CALM 12,372 10/31/2026										
3	Vacant 12,016 Applying for a Conditional Use Permit										
2	VACANT 2,962	M3 Nespresso/Tourneau, LLC. 5,724 6/30/2027 (Tenant Vacated Space)								VACANT 3,457	
G	G40 Vacant 1,079	G60 Vacant 800		G73 Luettes, Inc (Sub-lease: Diptyque) 856 2/28/2021			G75 Vacant 792		G80 Ted Baker 4,000 5/31/2022		G90 Nespresso/Tourneau, LLC. 4,494 6/30/2027 (Tenant Vacated Space)
B	BST-1 Yale Maintenance Room 800	BST-2 Yale Storage 517	BST-3 ACT 582 8/31/2023 (Tenant Vacated Space) 8/31/20)	BST-4 TechSpace 530 Month to Month	BST-4A Nespresso/Tourneau, 1,313 6/30/2027 storage (Vacated)	BST-G60 Vacant 1,142	BST-5 VACANT 525	BST-6 Diptyque 200 MTM storage	BST-7 Vacant 279	BST-8 Vacant 405	BST-9 Nespresso/Tourneau, LLC. 3,271 6/30/2027 RETAIL (Tenant Vacated Space)

## **EXHIBIT D**



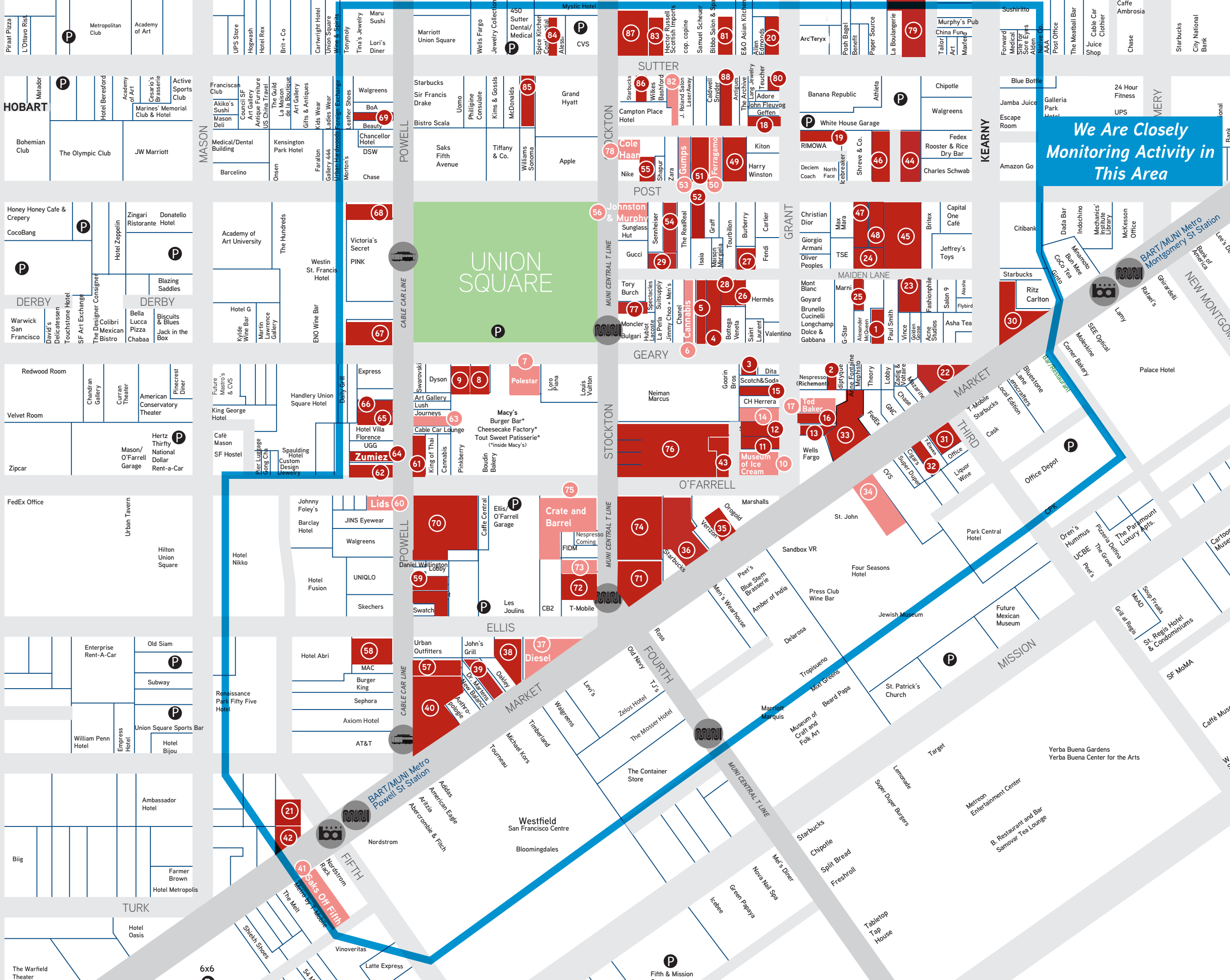
# Retail on the Market

## Available Spaces

1	Geary Street 54	45	Post Street 135
2	Geary Street 75	46	Post Street 150
3	Geary Street 103	47	Post Street 155
4	Geary Street 140	48	Post Street 165
5	Geary Street 146	49	Post Street 230
6	Geary Street 152	50	Post Street 236
7	Geary Street 281	51	Post Street 240
8	Geary Street 281	52	Post Street 245
9	Geary Street 281	53	Post Street 250
10	Grant Avenue 1	54	Post Street 255
11	Grant Avenue 21	55	Post Street 278
12	Grant Avenue 33	56	Post Street 299
13	Grant Avenue 40	57	Powell Street 50
14	Grant Avenue 39-41	58	Powell Street 69
15	Grant Avenue 51	59	Powell Street 102-120
16	Grant Avenue 60	60	Powell Street 167
17	Grant Avenue 80	61	Powell Street 200
18	Grant Avenue 231-233	62	Powell Street 201
19	Grant Avenue 300	63	Powell Street 207
20	Grant Avenue 301	64	Powell Street 225
21	Halladie Plaza 1	65	Powell Street 228
22	Kearny Street 1	66	Powell Street 235-237
23	Maiden Lane 29	67	Powell Street 331
24	Maiden Lane 50	68	Powell Street 345
25	Maiden Lane 69	69	Powell Street 439
26	Maiden Lane 115	70	Powell Street 150
27	Maiden Lane 120	71	Stockton Street 2
28	Maiden Lane 125	72	Stockton Street 17-25
29	Maiden Lane 166	73	Stockton Street 39
30	Market Street 690	74	Stockton Street 48
31	Market Street 703	75	Stockton Street 55
32	Market Street 711	76	Stockton Street 100
33	Market Street 730	77	Stockton Street 216
34	Market Street 735	78	Stockton Street 324
35	Market Street 764	79	Sutter Street 214
36	Market Street 776	80	Sutter Street 301
37	Market Street 800	81	Sutter Street 330
38	Market Street 844	82	Sutter Street 361
39	Market Street 846	83	Sutter Street 370
40	Market Street 890	84	Sutter Street 414
41	Market Street 901	85	Sutter Street 437
42	Market Street 934	86	Sutter Street 450
43	O'Farrell Street 26	87	Sutter Street 390
44	Post Street 126	88	Sutter Street 333

**Shadow Space –**  
*Available but current tenant still occupies space*

(UPDATED DECEMBER, 2020)



## **EXHIBIT E**



## **SUMMARY REPORT**

### **UNION SQUARE RETAIL REAL ESTATE: TRENDS, RE-USE AND STRATEGIES**

**Mark Rivers**

**Global Real Estate Advisory, Consulting**

**October, 2017**

Our firm has been retained by the ownership of 77 Geary Street in the City of San Francisco, to assist with the assessment of the viability of upper level retail in that building in 2017.

As we evaluate the current landscape of retail, consumerism and the real estate and communities impacted by the same, in the context of shifting sands for Union Square and its diverse quilt of property owners, we can **confirm the following conditions that exist today and will continue into the future indefinitely:**

- Continued upward trajectory of online shopping, further diluting traditional brick-and-mortar retail
- Ongoing re-calibration of leasable, physical retail space: smaller footprints, fewer store units, evolved concepts, eliminated categories
- Steep decline of viable pipeline of retail-related or adaptively-repurposed uses in traditional physical settings
- Landlords are being hamstrung by the shifting sands of retail and financial implications of refurbishment and regulatory requirements

#### **Transition of Consumer Habits: Emergence of Online and Mobile Shopping**

The rise of technology has reconfigured the retail industry and our shopping habits entirely. Online and mobile shopping can be done anywhere and at any time. Product selection is limitless. Transactions are instantaneous. Within the last 12 months, Amazon has now over taken Wal-Mart as the biggest retailer in the U.S. (And they don't have a store larger than 3000 square feet anywhere in the world.)

A next wave in technology-driven retail sales lies ahead, with the potential for more damage to traditional retail as we know it. This comes from three places. First, the continued strengthening of millennials as the dominant consumer force. There are 80 million millennials in the U.S., spending about \$600 billion annually. That number is expected to reach \$1.4 trillion by 2020. Children of the digital age and their habits of online shopping and social media, are dramatically altering the fundamentals of retail at every level. Secondly, we are seeing the rise of M-Commerce, the frontier of consumerism transacted with a mobile device. This is a relatively new phenomenon, driven more and more by larger screens, faster data speeds, and unique buying experiences. Third, many of the largest names in technology are in their earliest stages of online retailing, with a limitless ceiling and endless universe of followers and reach. Those include Instagram, Twitter, Pinterest, WhatsApp and others.

All of this leads us to a simple conclusion: the harbingers and stakeholders of traditional retail – which would include the property owners of retail-dominated real estate – must understand the change, adapt or become victims.

### **Evolution of The Physical Retail Experience**

We have all seen the headlines or the signs in store windows – Going Out of Business! Store Closing! Everything Must Go! In the last 12 months alone, 20 different national retailers have announced store closings, reorganizations, and/or corporate sales/liquidations, resulting in the closure of thousands of stores.

Beyond this, retailers have initiated downsizing, repurposing and fundamentally smaller store footprints, concentrating productivity in a minimal space. Multi-level space, especially, has proven to be wildly inefficient and undesirable for a host of reasons: extraordinary cost to provide code-approved vertical circulation; the high cost of staffing and securing multiple levels and cash-wraps; the smaller ranges of floor product; and, the near total elimination of on-site inventories, which had long been held on below-grade or upper levels.

And looking ahead, we are seeing the emergence of the Amazon or Bonobo's effect, with "showcase" stores that require tiny square footage, no inventories, few employees and limited displays. Here, shoppers become familiar with products and then, build their purchasing history through technology. As the CEO of Bonobos (now owned by Wal-Mart) said, "What happens is, once you know what you like and what fits you, the business happens online."

### **The Landlord Effect: Lease, Occupancy and Profitability Economics**

The enormous changes in the real estate sector are rippling through the retail real estate dynamic. For landlords, there are the challenges of building reinvestment, matching physical spaces with tenant formats, lease parameters and growing regulatory implications. For tenants, this is impacting views on site selection, right-sizing spaces, capital expenditures, operational efficiencies and rental economics.

We know this: there is a declining pool of qualified retail tenants in certain formats. Certain long-standing categories are literally disappearing (department stores, sporting goods, consumer electronics, large-format luxury furniture and others), while many formats are downsizing or adjusting. This leaves a limited list of potential retail tenants for landlords and communities.

We also know: there is accelerating cost of physical refurbishment and regulatory requirement. The rise of construction costs in the Bay Area has been well documented. As it relates to the activation of buildings for retail tenancy, particularly in the Union Square area, the costs are multiplied by the historic condition of older buildings. Most lack the appropriate vertical circulation for a retail tenant, including escalators, customer elevators, service elevators, as well as ADA and/or seismic requirements. In most cases, these costs cannot pencil and it makes refurbishment, upgrades and re-tenanting financially impossible.

### **A Review of Potential Upper Level Retail Alternatives**

We have conducted a cursory review of potential retail-related uses in the upper level of this property, to prospectively comply with the letter of the City's code which requires retail and/or retail service on upper levels of buildings with a prior history of retail.

In reviewing the uses, we have found myriad challenges for the owners of 77 Geary (and perhaps, most/all other nearby property owners), given the practical requirements of these uses, their role in a multi-tenant building and, current trends in consumer activity.

Here are a few examples of the City's listing of "Sample Eligible Complimentary Business Types" which have been suggested for upper floor use in Union Square's multi-floor spaces (and the challenges of same):



- Theatre Companies and Dinner Theaters.  
*This use would likely require clear span, increased floor-to-ceiling heights and sound proofing. Particularly difficult in a multi-tenant building.*
- Amusement Arcades  
*This use has largely been retired in the last 25 years but, any variation of same would likely require sound proofing (and would be a particularly-undesirable co-tenant for a luxury/lifestyle retail user, hotel or upper level office user.)*
- Industrial Launderers  
*This use would likely require special accommodations for air ventilation, chemical removing, vertical shipment, weight-bearing floors and the like. Would be very difficult in a multi-tenant building.*
- Warehousing and Storage  
*This use would likely require special accommodations for weight-bearing floors, vertical circulation and enhanced building-wide security. Not likely on an upper level.*

A number of the office-like and service uses mentioned have potential as uses in the upper-levels of multi-tenant buildings that have a retail focus. Certainly, there can be a place for Independent Artists, Physicians, Interior Design Centers, Sound Recording Industries and a multitude of others, all referenced in the Mayor's Office of Economic and Workforce Development of March 9, 2017. However, these come with further challenges – very few of the noted uses represent tenants with long-term operating histories, adequate credit or financial strength. Many require specific buildouts and uses, which can restrict easy re-use or re-lease. And, many require a high-visibility street-level entry and vertical transportation element, which restricts the value of ground level space and its viability. Union Square real estate is expensive and many of the buildings were built – and have been redeveloped – with the goal of maintaining and growing Class A tenancy, not necessarily a collection of suburban-type uses with suburban-type rental economics.

As we look at changes in uses, repurposing and the like, it is critical for all stakeholders to recognize the impact of policies and regulations on property values.

### **Time to Review The Strategies and Vision of a Vibrant, Prosperous 21<sup>st</sup> Century Union Square District**

As we evaluate the circumstances of the City's requirement for maintaining multi-level retail in a largely single-level retail world, we know that this philosophy and its ensuing policies are inspired by a desire to maintain a world-class shopping district in and around Union Square. That is not debatable and, remains a powerful, desirable proposition.

However, as we look at evolving trends and the need for adaptation, shouldn't we embrace the values of a vibrant, prosperous Union Square District and visualize how that might look? Shouldn't it look something like this:

- *A dynamic street shopping and dining environment.* The continued focus by property owners and the City has created one of the best sidewalk experiences in the world. As retailers continue their presence at street level, this will continue. Maintaining healthy ground floor retail is fundamental to Union Square – rigid requirements that scare away users or penalize property owners will lead to vacancies and decline.

- *A multi-layered urban district.* The world's best urban personalities all have many layers and characteristics: locals and visitors; retail, dining and culture; grand architecture; and, everyday inhabitants who mingle thru the various uses, buildings and spaces of the district. The evolution of some upper level spaces to skilled, high-income office workers creates a natural base of customers for all of the retail and uses in the Union Square area. These workers are creating new opportunities, generating energy, and have deep affinity for San Francisco's uniqueness. This is healthy and desirable in any city and should be embraced in the Union Square context.

Union Square is extraordinary – in the heart of one of the world's great cities. To maintain -- even elevate -- that greatness, it is time to adapt. Reflect a changing retail world. Support our property owners. Reinforce an urban environment that blends uses. And, see the future.

## **ABOUT THE AUTHOR**

### **Mark Rivers: Global Retail Real Estate Advisory, Consulting**

Mark has over 20 years of unique experience in the retail, hospitality and real estate development industries, with a particular focus on: place-making, retail and hospitality investment; strategic and financial planning; and, consumer engagement. Since 2002, Rivers has worked with clients such as: Vornado Realty Trust; Lennar; Five Point; Credit Suisse; Ghirardelli Square; Chicago Merchandise Mart; J. Jill Group; Hudson Bay Company (Saks Fifth Avenue); and, others.

Rivers is the former Chief Strategic Officer of The Mills Corporation, an international shopping mall developer, where he lead development and retail efforts, working closely with the likes of Nordstrom, Neiman Marcus, Bass Pro, H&M, Ikea and others. In 2002, he led the efforts to redevelop the famed Food Hall at Harrod's Department Store in London.

In 2009, Rivers received the International Economic Development Council's worldwide award for "Best Redevelopment and Reuse."

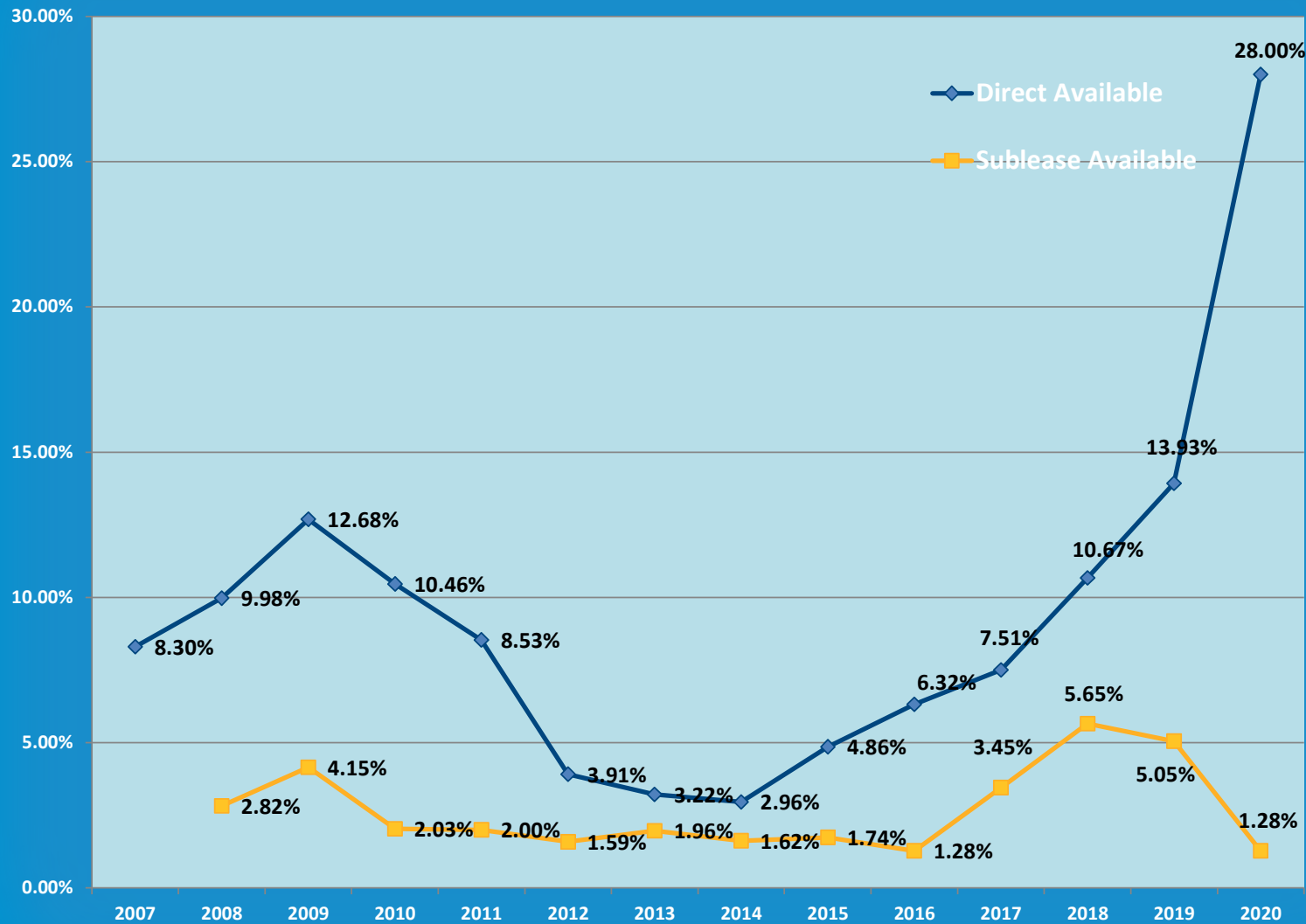
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301.346.6000

Various sources: U.S. Commerce Department, eMarketer, Forrester, U.S. Census Bureau, Wall Street Journal, L.A. Times

## **EXHIBIT F**



## Union Square Historical Ground Floor Vacancy



224 spaces are monitored in the prime high streets of the Union Square district.

Available Spaces: 69

Direct: 67

Sublease: 2

Direct: 244,231 sq ft

Sublease: 11,126 sq ft

Total Available: 255,357 sq ft

*In addition to the 69 spaces available and actively being marketed for direct or sublease, there are an additional 16 properties that could be made available. These properties are not being marketed but tenants have expressed interest in vacating or the lease is expiring soon. This brings our total Union Square ground floor availability to 35.86% of our inventory.*

