Executive Summary Conditional Use

HEARING DATE: JULY 16, 2020

2010 0140226114

2019-014033CUA

Project Address: 800 MARKET STREET

Zoning: C-3-R (Downtown – Retail) Zoning District

80-130-F Height and Bulk District

Block/Lot: 0329/001 Project Sponsor: David Penn

Record No.:

GBA, Inc.

201 Noe Street

San Francisco, CA 94114

Property Owner: 800 Market Street, LLC

800 Market Street

San Francisco, CA 94103

Staff Contact: Alexandra Kirby – (415) 575-9133

alexandra.kirby@sfgov.org

Recommendation: Approval with Conditions

PROJECT DESCRIPTION

The project sponsor requests Conditional Use authorization to establish an approximately 5,800 square foot Non-Retail Sales and Service Use (general office) at the third floor of the existing eight-story building. The space was last used by two separate tenants: the existing multi-level retailer at the first and second floors, DBA "Diesel," which occupied approximately half of the third floor between 2012 and 2017, and by an educational language school DBA "The Study Group." The proposed office space would be limited to the removal of existing interior partition walls to create an open floor space and construction of three conference rooms.

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 for a Non-Retail Sales and Service use at the third floor within the C-3-R Zoning District.

ENVIRONMENTAL REVIEW

The Project is exempt from the California Environmental Quality Act ("CEQA") as a Class 3 categorical exemption.

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

Reception: 415.558.6378

Fax:

415.558.6409

Planning Information: **415.558.6377**

RECORD NO. 2019-014033 800 Market Street

Executive Summary Hearing Date: July 16, 2020

BASIS FOR RECOMMENDATION

Although the project is centrally located within the C3R Zoning District, the Department supports the conversion for the following reasons:

- The project results in a better utilization of existing third floor space that is no longer viable for retail tenancy, particularly in consideration of recent economic shifts.
- The subject space has no linear frontage and limited visibility along the adjacent public rights-of way, and the area converted to office is internal to the existing building footprint. Therefore, the loss of retail square footage and the addition of an office use will not be detrimental to the overall activation or character of the pedestrian environment.
- Although overall retail square footage is being reduced, the overall number of retail spaces would remain unchanged for the property.
- The project meets all applicable requirements of the Planning Code and is consistent with the General Plan.
- The project is desirable for, and compatible with the surrounding neighborhood.

ATTACHMENTS:

Draft Motion - Conditional Use Authorization with Conditions of Approval

Exhibit B – Plans and Renderings

Exhibit C - Environmental Determination

Exhibit D - Land Use Data

Exhibit E – Maps and Context Photos

Exhibit F - Project Sponsor Brief

Planning Commission Draft Motion

HEARING DATE: JULY 16, 2020

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ADOPTING FINDINGS TO APPROVE A CONDITIONAL USE AUTHORIZATION PURSUANT TO SECTIONS 303 AND 210.2 OF THE PLANNING CODE TO ESTABLISH A NON-RETAIL SALES AND SERVICE USE (GENERAL OFFICE) AT THE THIRD FLOOR WITHIN THE C-3-R (DOWNTOWN — RETAIL) ZONING DISTRICT AND 80-130-F HEIGHT AND BULK DISTRICT.

PREAMBLE

On July 11, 2019, David Penn of GBA, Inc. (hereinafter "Project Sponsor") filed Application No. 2019-014033CUA (hereinafter "Application") with the Planning Department (hereinafter "Department") for a Conditional Use Authorization to establish approximately 5,800 square feet of existing commercial retail space to office at the third floor (hereinafter "Project") at 800 Market Street, Block 0329 Lots 001 (hereinafter "Project Site").

The Project is exempt from the California Environmental Quality Act ("CEQA") as a Class 3 categorical exemption.

On July 16, 2020, the San Francisco Planning Commission (hereinafter "Commission") conducted a duly noticed public hearing at a regularly scheduled meeting on Conditional Use Application No. 2019-014033CUA.

The Planning Department Commission Secretary is the custodian of records; the File for Record No. 2019-014033CUA is located at 1650 Mission Street, Suite 400, 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. 2019-014033CUA, 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 convert 5,800 square feet of retail sales and service use to general office at the third floor of the existing eight-story building. The proposed office space would be limited to the removal of existing interior partition walls to create an open floor space and construction of three conference rooms. The space would remain accessible via the existing elevators and fire stairs. The space was last used in part as a portion of the existing retail vendor at the first and second floors, DBA "Diesel," which occupied approximately half of the third floor between 2012 and 2017, and by an educational language school DBA "The Study Group." The internal stair that had previously connected the second and third floor retail use was removed and infilled in 2018 as part of the new lease agreement between the property owner and Diesel.
- 3. **Site Description and Present Use.** The Project is located on the north side of Market Street on a triangular lot that fronts Ellis Street to the north, Lot 001 in Assessor's Block 0329 (District 4). The subject property is located within the C-3-R (Downtown Retail) District and the 80 130-F Height and Bulk District. The property is developed as an eight-story mixed-use building containing approximately 17,400 square feet of retail at the first through third floors and 29,000 square feet of office at the fourth through eighth floors. The subject building is classified as a Category V (unrated, not designated as Significant or Contributory) building within the Kearny-Market-Mason-Sutter ("KMMS") Article 11 Conservation District.
- 4. **Surrounding Properties and Neighborhood.** The Project Site is located within the C-3-R Zoning District, the singular downtown retail shopping district anchored by Market Street between Powell and Kearny Streets and Union Square to the north. The immediate context is predominantly commercial in nature with the Westfield San Francisco Centre to the south of the subject building as well as numerous large-scale retailers fronting Market Street. Most buildings feature large retailers at the basement through second or third floors with office above. The subject property is within two blocks of the C-3-G (Downtown General), C-3-O (Downtown Office), and C-3-S (Downtown Support) Zoning Districts.
- 5. **Public Outreach and Comments.** The Department has not any public comment regarding the proposed project.

- 6. **Planning Code Compliance.** The Commission finds that the Project is consistent with the relevant provisions of the Planning Code in the following manner:
 - A. **Office Use.** Planning Code Section 210.2 states that Non-Retail Sales and Service office uses require Conditional Use authorization if located on the third floor.

The project has submitted an application for Conditional Use Authorization to permit the proposed office use at the third floor of the existing building.

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

The proposed office use at the third floor of the existing building would remove approximately 5,800 gross square feet (4,400 net) of retail space that is no longer accessible from the existing commercial uses at the first and second floor of the building. This space was previously used for storage and accessory office for Diesel and The Study Group. The conversion of the space to office would be a nominal reduction in the amount of available retail space in the C-3-R District and an extension of the existing office use already located at the upper levels of the property. The proposed change in use would not alter the exterior of the historic 1908 building.

(1) 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-servicing uses in the area.

The increase in office activity will not foreclose the location of any other neighborhood-serving uses in the area. The proposed project is both desirable and compatible with the neighborhood and community mix that currently exists in the building, including existing office use above the ground floor. The few retailers that have locations above the second floor tend to be large format retailers or small boutique retailers, for which the subject location's square footage would not be serviceable. The project will also not adversely impact retail uses in the area as there is currently at least 58,000 square feet of retail space available within a two-block radius along Market Street from the subject location on the ground and second floor according to analysis provided by the project sponsor.

(2) 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 project will serve the neighborhood and city by adding quality jobs, generating tax revenue, and creating workspace that enhances the current use of the space that has been vacant since 2017. The project sponsor has provided evidence that despite ongoing efforts to lease the space since its

vacancy, retail and personal service tenants were not interested due in part to the lack of street access, and allowing office use would reestablish occupancy of the space.

- 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 project does not involve any exterior modifications to the existing structure, and so would have minimal detrimental effect on the subject property or surrounding vicinity.
 - (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 conversion of approximately 5,800 square feet to office use. It is not expected that the project would result in any substantial increase in trips to the project site, and the area is also well-served by transit.
 - (3) The safeguards afforded to prevent noxious or offensive emissions such as noise, glare, dust and odor;
 - The project will involve a minimal amount of interior construction work only and is not expected to result in any noxious or offensive emissions.
 - (4) Treatment given, as appropriate, to such aspects as landscaping, screening, open spaces, parking and loading areas, service areas, lighting and signs;
 - The project does not require any treatments with respect to landscaping, screening, open space, parking and loading, service areas, lighting, or signs.
- 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 Downtown Retail District.
 - The proposed project is consistent with the stated purposed of the C-3-R District in that it is creating additional office space at the third floor within the retail-oriented district in the City and therefore not removing any portion of the active retail street frontage in the area or displacing any existing retailers.

- E. Per Section 210.2, the following additional criteria shall be considered:
 - (1) That 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 proposed use requires no exterior work or alterations to the architectural, historic and aesthetic features. The scope of work proposes no structural or facade alterations and is solely limited to the conversion of the third floor to office use and minor tenant improvements. As there is no structural alteration of the space proposed as part of this project, any future conversion of the space back to retail or other principally permitted uses will not be inhibited.

(2) That 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 proposed use would not have an adverse impact on adjacent zoning districts in which non-retail sales and services uses are not permitted. The nearest adjacent zoning districts in which non-retail sales and services uses are not permitted are RC-4 and CCB, neither of which are located in the immediate vicinity of the subject property. Due to its limited size, the proposed use would not disrupt the existing mix of uses and character of these districts, as the C-3-R and adjacent downtown districts feature predominantly retail uses, often with office above.

(3) That 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 will not result in the district's primary function as an area for comparison shopper retailing and direct consumer services. The proposed conversion is at the third floor only, or approximately 1/3 of the existing retail in the subject building, and is a minimal reduction considering the scale of retail in the surrounding C-3-R District.

8. **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 1:

MANAGE ECONOMIC GROWTH AND CHANGE TO ENSURE ENHANCEMENT OF THE TOTAL CITY LIVING AND WORKINIG 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 office conversion is desirable in that it will help to fill a larger vacant retail space with a use that is compatible with the City's generalized land use plan. The project would not dislocate any existing retailer nor detract from existing retail-based businesses and therefore would not result in any substantial undesirable consequences.

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 the existing retail activity at the first and second floors; however, the property owner has provided a summary of unsuccessful attempts to lease the third floor to a retail or personal service tenant for approximately three years. The proposed office use would bring likely bring the building back to full occupancy, thereby bringing additional foot traffic to the district's existing retailers.

- 9. Planning Code Section 101.1(b) establishes eight priority-planning policies and requires review of permits for consistency with said policies. On balance, the project 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 space proposed for office conversion would occupy a former retail space that has sat vacant since 2017, so no existing neighborhood-serving retail use is being displaced or eliminated. The project would result in a space that has a higher likelihood for occupancy.

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 will have no effect on existing housing and neighborhood character.

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

The project will have no effect on the City's supply of affordable housing.

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

The project is not likely to result in any detrimental effects with regard to transit, traffic or parking. The site is well-served by existing transit lines.

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 prior retail establishment vacated the space in 2017, and the subject space has been vacant since that time.

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

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

G. That landmarks and historic buildings be preserved.

The building is located in the KMMS Article 11 Conservation District and will not be altered by the proposed project.

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

The project will have no negative effect on existing parks and open spaces, as there are no exterior alterations or expansions proposed.

- 10. The Project is consistent with and would promote the general and specific purposes of the Code provided under Section 101.1(b) in that, as designed, the Project would contribute to the character and stability of the neighborhood and would constitute a beneficial development.
- 11. The Commission hereby finds that approval of the 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. 2019-014033CUA** subject to the following conditions attached hereto as "EXHIBIT A" in general conformance with plans on file, dated May 28, 2020, 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 July 16, 2020.

Jonas P. Ionin	
Commission S	ecretary
AYES:	
NAYS:	
ABSENT:	
ADOPTED:	July 16, 2020

EXHIBIT A

AUTHORIZATION

This authorization is for a conditional use to allow a Non-Retail Sales and Service office use located at the third floor of 800 Market Street, Block 0329, Lot 001, pursuant to Planning Code Section(s) 303 and 210.2 within the C-3-R (Downtown – Retail) District and a 80 – 130-F Height and Bulk District; in general conformance with plans, dated May 28, 2020, and stamped "EXHIBIT B" included in the docket for Record No. 2019-014033CUA and subject to conditions of approval reviewed and approved by the Commission on July 16, 2020, 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 July 16, 2020, under Motion No XXXXXXX.

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 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 this Authorization was approved. 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

MONITORING - AFTER ENTITLEMENT

- 6. **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
- 7. **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

- 8. **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
- 9. **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 415-575-6863, www.sf-planning.org

MONITORING - AFTER ENTITLEMENT

- 6. **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
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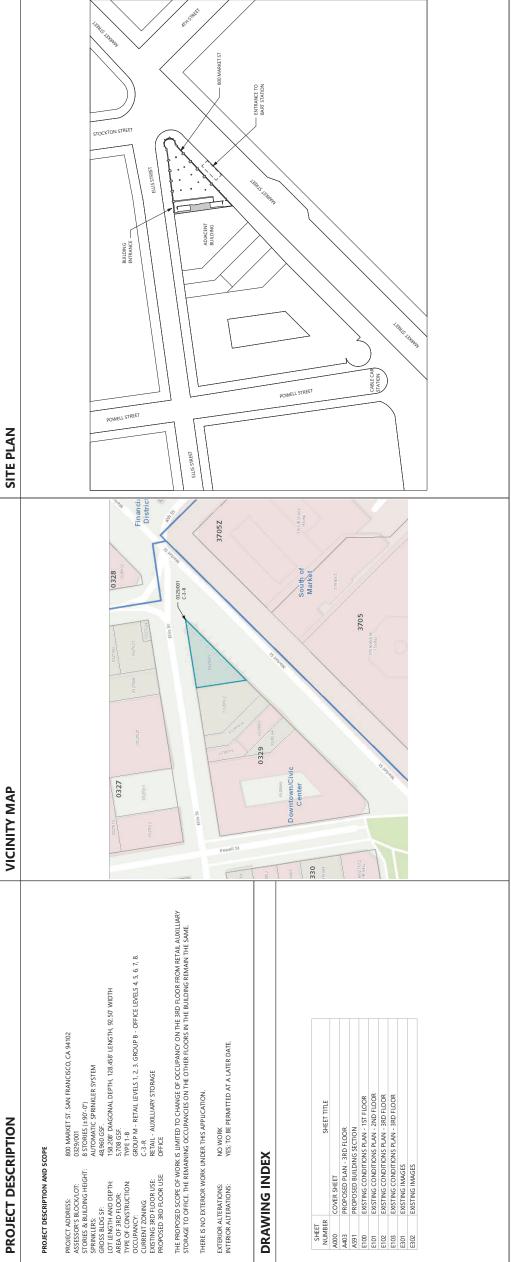
 For information about compliance, contact Code Enforcement, Planning Department at 415-575-6863, www.sf-planning.org

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





EXTERIOR ALTERATIONS: INTERIOR ALTERATIONS:

800 Market Street	

TOTAL OCCUPIED AREA ± PROPOSED 11,416 GSF RETAIL

OCCUPIED FLOOR AREA ± PROPOSED

FOTAL AREA PROPOSED 11,416 GSF RETAIL

5,708 GSF 5,708 GSF

RETAIL
RETAIL
OFFICE
OFFICE
OFFICE
OFFICE
OFFICE
OFFICE
OFFICE
OFFICE

28,540 GSF O FFICE

NORTH ELEVATION - ALONG ELLIS STREET

CHANGE OF USE - AREA TABULATIONS

OCCUPIED FLOOR AREA & ENSTYNG
5,700 GGF
5,700 GGF FOTAL GROSS AREA EXISTING 6ROSS AREA ± EDISTING
5,708 GSF
5,708 GSF RETAIL
RETAIL
RETAIL
BOH/ OFFICE
OFFICE
OFFICE
OFFICE
OFFICE
OFFICE
OFFICE 1ST FLOOR

SND FLOOR

SND FLOOR

4TH FLOOR

6TH FLOOR

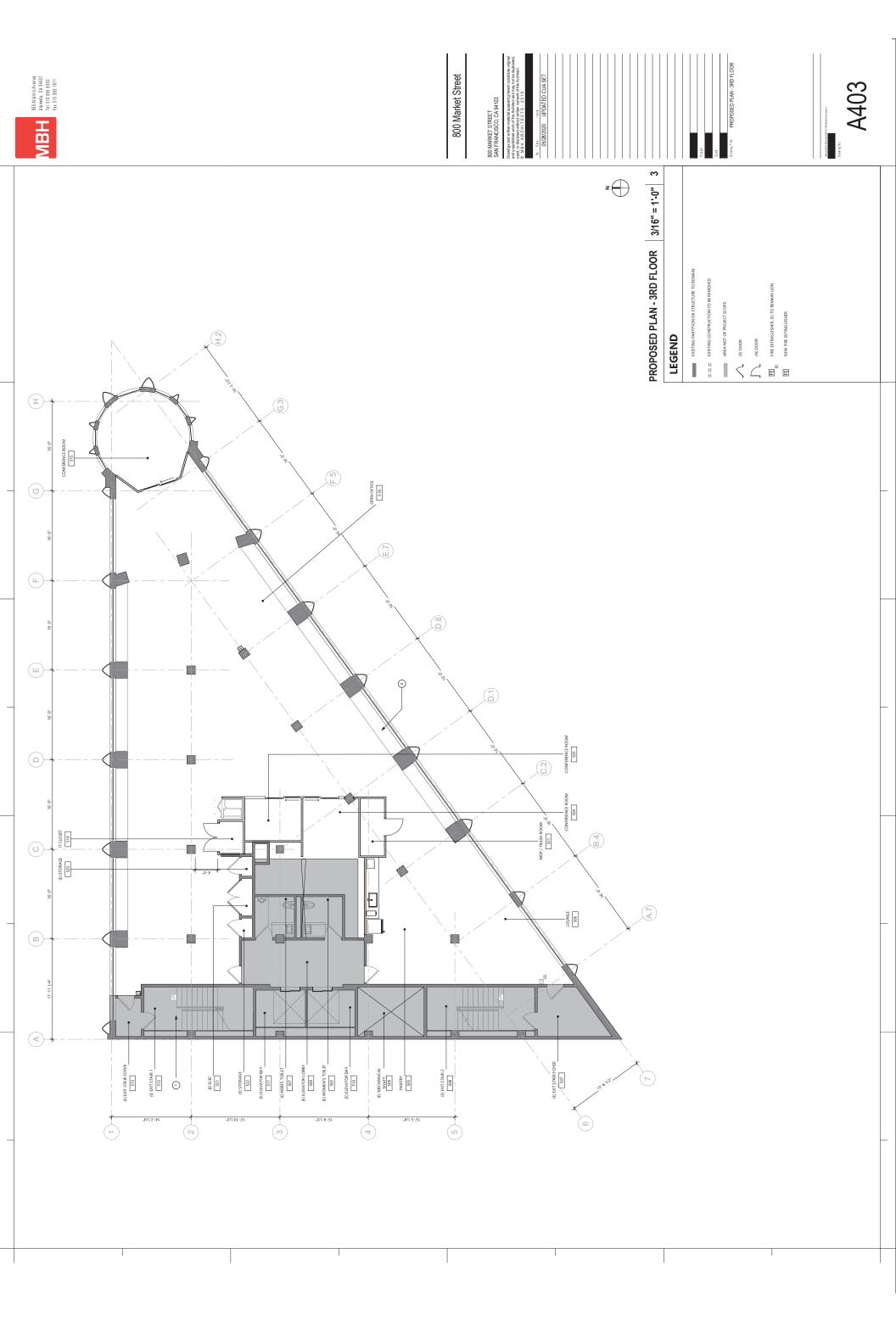
TH FLOOR

TH FLOOR

SOUTH ELEVATION - ALONG MARKET STREET







960 Atlantic Avenue Alameda, CA 94501 Tel 510 865 8663 Fax 510 865 1611 MBH

800 Market Street 800 MARKET STREET SAN FRANCISCO, CA 94103 BUILDING SECTION | 3/16" = 1'-0" | 1 MOVABLE INK

5TH FLOOR

-39 - 0" WEWORK OFFICES

6TH FLOOR

-28 - 0" CREDIT KARMA

4TH FLOOR

-50' - 0" PROPOSED PLAN

3RD_FLOOR

-61 - 0" DIESEL 2ND FLOOR DIESEL 1st FLOOR ACME-SHERPA

8TH FLOOR

6-0* GLOBAL FUND FOR WOMEN

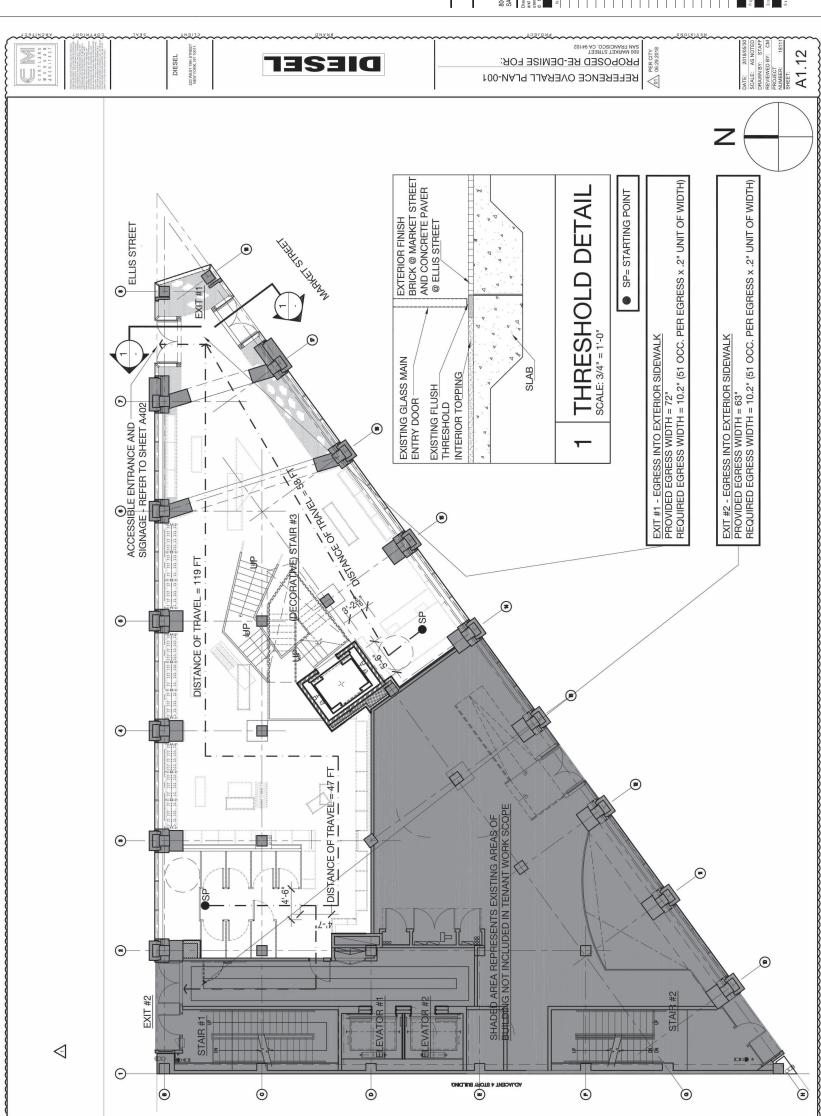
- TTH FLOOR 4 SIDEWALK (H,2) Ħ $(\widehat{\underline{G}})$:H (F.5) (E.7) PROPOSED OFFICE (E) OFFICES (E) OFFICES (E) OFFICES (E) OFFICES (E) OFFICES (E) RETAIL (D.8) (<u>0</u>) (C.2) (B.4)

A591

800 Market Street

z

PERMIT NO. 1473261



800 Market Street

SVA REVICISCO: CV 94105 BOO WHAKEL SLKEEL BOO WHAKEL SLKEEL CONSTRUCTION FLOOR PLAN- LEVEL 2

FLOOR PLAN KEYNOTES

(N) NON RATED PARTITION: (1) LAYER 5/8" TYPE "X" GYP. BD. EACH SIDE ON METAL STUDS @ 16" O.C., OMIT GYP. BD. AT VOID SPACE

(A)

CTOR MUST CALL PROJECT MANAGER PRIOR TO ANY +/-

SHE & INSTALLEMENCOPING AT ALL LOCATIONS OF EXPOSED

14. ELEC. OF DEPLINES, & INSTALLEME: STOPPING AT ALL

15. ELLO OF DEPLINES, & INSTALLEME: STOPPING AT ALL

15. ELLO OF SHELGES OF WALLE & SECURIOS SHALL HAVE A CLASS III PLAME SPREAD

11. ESTED IN ACCORDANCE WITH ASTIN ESS.

15. TO MICHARIOLAL AND ELECTRICAL PLANS FOR REMOVAL AND OR A CHARLE AND SHALL SHAL

GENERAL NOTES

TAG / DETAIL DESCRIPTION: SEE SHEET A3.02

WALL TYPES

GENERAL NOTES

(N) NON RATED PARTITION: (1) LAYER 5/8" TYPE "X" GYP. BD. EACH SIDE ON METAL STUDS @ 16" O.C., OMIT GYP. BD. AT VOID SPACE

(m)

WALL TO REMAIN. PATCH AND REPAIR AS EPT NEW FINISHES. MAINTAIN EXISTING FIRE

DATE: 2018/06/30 SCALE: AS NOTED DRAWN BY: STAFF REVIEWED BY: CM PROJECT NUMBER: 18223

A3.01





EXISTING CONDITION PLAN - 2ND FLOOR NOT TO SCALE

FOR REFERENCE ONLY. NO WORK

PERMIT NO. 1473261

7

WALL LEGEND

FIXTURE SCHEDULE RESTROOM GENERAL CLEARANCE NOTES NEW RESTROOM GENERAL NOTES EX. FITTING ROOM AREA SALES AREA

EX. UTILITY CLOSET

(a) (b)

DIESET

CONSTRUCTION FLOOR PLAN- LEVEL 2

GENERAL NOTES
SHALL REVIEW THE GENERAL NOTES ON EACH SHEET PRIOR

13

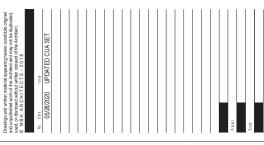
R SHALL COORDINATE BLOCKING REQUIREMENTS FOR ALL DETAIL AND ELEVATION SHEETS. PROVIDE HORIZONTAL LELIPS AT 4-0. 0. C.
IOTED PROVIDE MINIMUM 20 AS METAL ASSESSMENT.

ALL FLOOR PENETRATIONS MAYS BE CORE-BORED, SLEEVED, GROUTED. SEALED AND MADE WATRERPOOK, SLEEVES MANT EXTEND AT LEAST FOUR INCHES ABOVE AND STREAM STEEP FLOOR, EXCEPT JUNCTION BOXES.

MBH

DIESEL

EX. EXIT





7".9"

FRP-1

SALES / WARDROBING

RESTROOM

10'-0" A.F.F. H. PAINT LINE

%" FR. PLYWOD
DEOKNIG ON GRANB
GA. MET'AL JOSTS
OVER WALL STUDS.
JOSTS TO SPAN
SHORTER
DIMENSION OF
ROOM. TEK SCREW
TO JOISTS @ 12"
OC. A F.
TO, PLATFORM

SEE A5.01

SUSPENDED ACOUSTICAL CEILING TILE. SEE SHEET A5.01.

VB-1 (B)

800 Market Street

CONSTRUCTION FLOOR PLAN-LEVEL 3

7

ENLARGED RESTROOM PLAN

NOTE: PROVIDE BLOCKING FOR ALL WALL MOUNTED FIXTURE. REFER TO SHOP DRAWINGS, TYP.

MBH

DIESEL

ELEC. ROOM

RESTROOM RCP PLAN

30X48 CLR FLR -

| PRODUCTION OF THE STREET, | PRODUCTION | P

| MATERIAL | MATERIAL

EX. ELEVATOR LOBBY

C (A302)

9

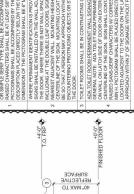
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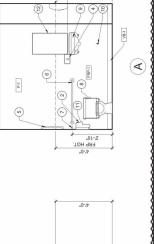




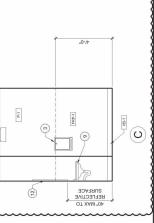
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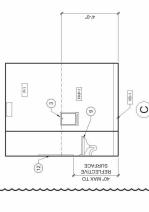


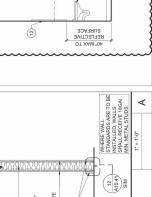


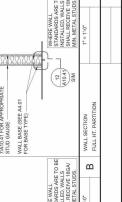


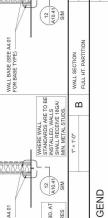


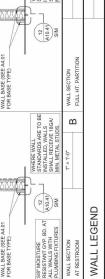


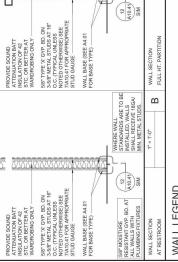


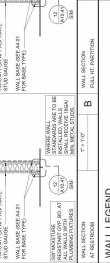










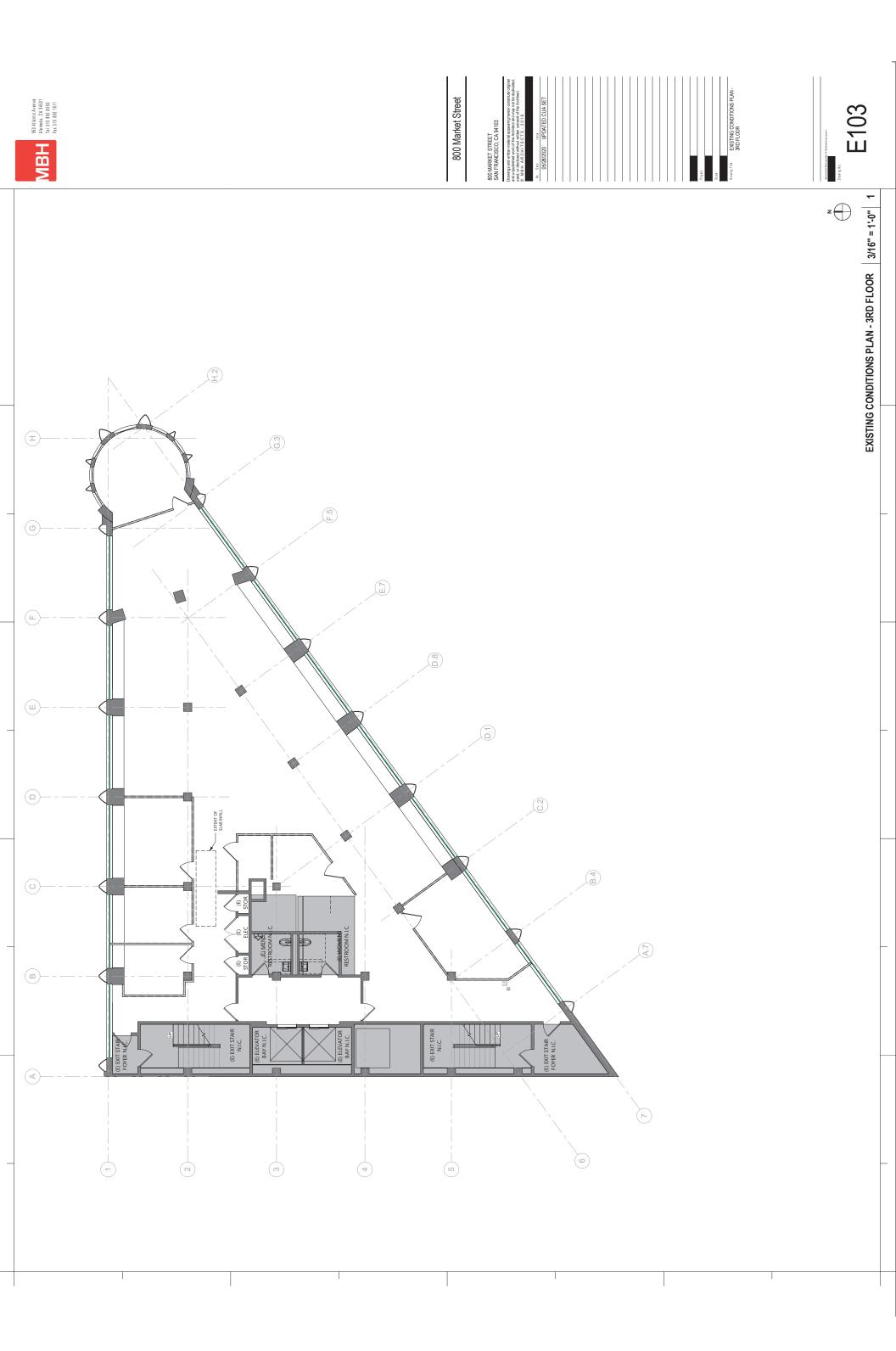






z

EXISTING CONDITION PLAN - 3RD FLOOR NOT TO SCALE



800 Market Street

KEY PLAN





800 Market Street

KEY PLAN





CEQA Categorical Exemption Determination

PROPERTY INFORMATION/PROJECT DESCRIPTION

Proje	ect Address		Block/Lot(s)
800 N	MARKET ST		0329001
Case	No.		Permit No.
2019	-014033PRJ		
Ac	ddition/	Demolition (requires HRE for	New
	teration	Category B Building)	Construction
Proje	ect description for F	Planning Department approval.	
To es	stablish office use at	t the third floor.	
STE	P 1: EXEMPTIO	N CLASS	
_	project has been de CEQA).	etermined to be categorically exempt under the	California Environmental Quality
	Class 1 - Existing	g Facilities. Interior and exterior alterations; addit	tions under 10,000 sq. ft.
		onstruction. Up to three new single-family resider	
		cial/office structures; utility extensions; change of	fuse under 10,000 sq. ft. if principally
_	permitted or with		
		Development. New Construction of seven or mo	re units or additions greater than
		I meets the conditions described below: consistent with the applicable general plan design	unation and all applicable general plan
		s with applicable zoning designation and regulation	, , , , , , , , , , , , , , , , , , , ,
		development occurs within city limits on a project	ct site of no more than 5 acres
		ounded by urban uses.	threatened enecies
		te has no value as habitat for endangered rare or ne project would not result in any significant effect	
	water quality.	The special country of the second of the sec	and the manner, manner, and quality, or
		be adequately served by all required utilities and p	public services.
1			
		ENTAL PLANNING USE ONLY	
	FOR ENVIRONM	ENTAL PLANNING USE ONLY	
		ENTAL PLANNING USE ONLY	
	FOR ENVIRONM	ENTAL PLANNING USE ONLY	

SAN FRANCISCO

STEP 2: CEQA IMPACTS

TO BE COMPLETED BY PROJECT PLANNER

	Air Quality: Would the project add new sensitive receptors (specifically, schools, day care facilities, hospitals, residential dwellings, and senior-care facilities within an Air Pollution Exposure Zone? Does the project have the potential to emit substantial pollutant concentrations (e.g., backup diesel generators, heavy industry, diesel trucks, etc.)? (refer to EP_ArcMap > CEQA Catex Determination Layers > Air Pollution Exposure Zone)
	Hazardous Materials: If the project site is located on the Maher map or is suspected of containing hazardous materials (based on a previous use such as gas station, auto repair, dry cleaners, or heavy manufacturing, or a site with underground storage tanks): Would the project involve 50 cubic yards or more of soil disturbance - or a change of use from industrial to residential? Note that a categorical exemption shall not be issued for a project located on the Cortese List if the applicant presents documentation of enrollment in the San Francisco Department of Public Health (DPH) Maher program, a DPH waiver from the Maher program, or other documentation from Environmental Planning staff that hazardous material effects would be less than significant (refer to EP_ArcMap > Maher layer).
	Transportation: Does the project involve a child care facility or school with 30 or more students, or a location 1,500 sq. ft. or greater? Does the project have the potential to adversely affect transit, pedestrian and/or bicycle safety (hazards) or the adequacy of nearby transit, pedestrian and/or bicycle facilities?
	Archeological Resources: Would the project result in soil disturbance/modification greater than two (2) feet below grade in an archeological sensitive area or eight (8) feet in a non-archeological sensitive area? If yes, archeo review is required (refer to EP_ArcMap > CEQA Catex Determination Layers > Archeological Sensitive Area)
	Subdivision/Lot Line Adjustment: Does the project site involve a subdivision or lot line adjustment on a lot with a slope average of 20% or more? (refer to EP_ArcMap > CEQA Catex Determination Layers > Topography). If yes, Environmental Planning must issue the exemption.
	Slope = or > 25%: Does the project involve any of the following: (1) square footage expansion greater than 500 sq. ft. outside of the existing building footprint, (2) excavation of 50 cubic yards or more of soil, (3) new construction? (refer to EP_ArcMap > CEQA Catex Determination Layers > Topography) If box is checked, a geotechnical report is required and Environmental Planning must issue the exemption.
	Seismic: Landslide Zone: Does the project involve any of the following: (1) square footage expansion greater than 500 sq. ft. outside of the existing building footprint, (2) excavation of 50 cubic yards or more of soil, (3) new construction? (refer to EP_ArcMap > CEQA Catex Determination Layers > Seismic Hazard Zones) If box is checked, a geotechnical report is required and Environmental Planning must issue the exemption.
	Seismic: Liquefaction Zone: Does the project involve any of the following: (1) square footage expansion greater than 500 sq. ft. outside of the existing building footprint, (2) excavation of 50 cubic yards or more of soil, (3) new construction? (refer to EP_ArcMap > CEQA Catex Determination Layers > Seismic Hazard Zones) If box is checked, a geotechnical report will likely be required and Environmental Planning must issue the exemption.
Com	ments and Planner Signature (optional): Alexandra Kirby
Char	nge in use and TI only

STEP 3: PROPERTY STATUS - HISTORIC RESOURCE TO BE COMPLETED BY PROJECT PLANNER PROPERTY IS ONE OF THE FOLLOWING: (refer to Property Information Map) Category A: Known Historical Resource. GO TO STEP 5. Category B: Potential Historical Resource (over 45 years of age). GO TO STEP 4. Category C: Not a Historical Resource or Not Age Eligible (under 45 years of age). GO TO STEP 6. STEP 4: PROPOSED WORK CHECKLIST TO BE COMPLETED BY PROJECT PLANNER Check all that apply to the project. 1. Change of use and new construction. Tenant improvements not included. 2. Regular maintenance or repair to correct or repair deterioration, decay, or damage to building. 3. Window replacement that meets the Department's Window Replacement Standards. Does not include storefront window alterations. 4. Garage work. A new opening that meets the Guidelines for Adding Garages and Curb Cuts, and/or replacement of a garage door in an existing opening that meets the Residential Design Guidelines. 5. Deck, terrace construction, or fences not visible from any immediately adjacent public right-of-way. 6. Mechanical equipment installation that is not visible from any immediately adjacent public right-of-way. 7. Dormer installation that meets the requirements for exemption from public notification under Zoning Administrator Bulletin No. 3: Dormer Windows. 8. Addition(s) that are not visible from any immediately adjacent public right-of-way for 150 feet in each direction; does not extend vertically beyond the floor level of the top story of the structure or is only a single story in height; does not have a footprint that is more than 50% larger than that of the original building; and does not cause the removal of architectural significant roofing features. Note: Project Planner must check box below before proceeding. Project is not listed. GO TO STEP 5. Project does not conform to the scopes of work. GO TO STEP 5. Project involves four or more work descriptions. GO TO STEP 5. Project involves less than four work descriptions. GO TO STEP 6. STEP 5: CEQA IMPACTS - ADVANCED HISTORICAL REVIEW TO BE COMPLETED BY PROJECT PLANNER

10 21 001111 21 1100101 1 2 11111211		
Chec	k all that apply to the project.	
	1. Project involves a known historical resource (CEQA Category A) as determined by Step 3 and conforms entirely to proposed work checklist in Step 4.	
	2. Interior alterations to publicly accessible spaces.	
	3. Window replacement of original/historic windows that are not "in-kind" but are consistent with existing historic character.	
	4. Façade/storefront alterations that do not remove, alter, or obscure character-defining features.	
	5. Raising the building in a manner that does not remove, alter, or obscure character-defining features.	
	6. Restoration based upon documented evidence of a building's historic condition, such as historic photographs, plans, physical evidence, or similar buildings.	

	7. Addition(s) , including mechanical equipment that are minimally visible from a public right-of-way and meet the <i>Secretary of the Interior's Standards for Rehabilitation</i> .		
	8. Other work consistent with the Secretary of the Interior Stand Properties (specify or add comments):	dards for the Treatment of Historic	
	Minor TI in interior spaces only. No exterior alterations.		
	9. Other work that would not materially impair a historic district (specify or add comments):	
	(Requires approval by Senior Preservation Planner/Preservation	Coordinator)	
	(Negaries approval by Seriio I reservation Figure 17 reservation	Coordinatory	
	10. Reclassification of property status . (Requires approval by Planner/Preservation	Senior Preservation	
	Reclassify to Category A	Reclassify to Category C	
	a. Per HRER or PTR dated	(attach HRER or PTR)	
	b. Other (specify):		
	Note: If ANY box in STEP 5 above is checked, a Prese	ervation Planner MUST sign below.	
	Project can proceed with categorical exemption review . The preservation Planner and can proceed with categorical exemption	· · · · · · · · · · · · · · · · · · ·	
Comm	ents (optional):		
Johnnestes (optional).			
Preser	vation Planner Signature: Alexandra Kirby		
	TO A CATEGORICAL EVENDTION DETERMINATION		
	EP 6: CATEGORICAL EXEMPTION DETERMINATION BE COMPLETED BY PROJECT PLANNER		
	No further environmental review is required. The project is ca	tegorically exempt under CEQA.	
	There are no unusual circumstances that would result in a reaeffect.	asonable possibility of a significant	
	Project Approval Action:	Signature:	
	Planning Commission Hearing	Alexandra Kirby	
		06/30/2020	
	Once signed or stamped and dated, this document constitutes a categorical exer	nption pursuant to CEQA Guidelines and Chapter	
	31of the Administrative Code. In accordance with Chapter 31 of the San Francisco Administrative Code, an app	peal of an exemption determination can only be	
	filed within 30 days of the project receiving the approval action.		

Please note that other approval actions may be required for the project. Please contact the assigned planner for these approvals.

STEP 7: MODIFICATION OF A CEQA EXEMPT PROJECT

TO BE COMPLETED BY PROJECT PLANNER

In accordance with Chapter 31 of the San Francisco Administrative Code, when a California Environmental Quality Act (CEQA) exempt project changes after the Approval Action and requires a subsequent approval, the Environmental Review Officer (or his or her designee) must determine whether the proposed change constitutes a substantial modification of that project. This checklist shall be used to determine whether the proposed changes to the approved project would constitute a "substantial modification" and, therefore, be subject to additional environmental review pursuant to CEQA.

MODIFIED PROJECT DESCRIPTION

Modi	fied Project Description:		
DE	TERMINATION IF PROJECT (CONSTITUTES SUBSTANTIAL MODIFICATION	
Com	pared to the approved project, w	ould the modified project:	
	Result in expansion of the building envelope, as defined in the Planning Code;		
	Result in the change of use that would require public notice under Planning Code Sections 311 or 312;		
	Result in demolition as defined under Planning Code Section 317 or 19005(f)?		
	•	nted that was not known and could not have been known	
	at the time of the original determination, that shows the originally approved project may no longer qualify for the exemption?		
If at I	east one of the above boxes is	checked, further environmental review is required.	
DET	ERMINATION OF NO SUBSTA	NTIAL MODIFICATION	
	The proposed modification would not result in any of the above changes.		
If this box is checked, the proposed modifications are categorically exempt under CEQA, in accordance with prior project			
approval and no additional environmental review is required. This determination shall be posted on the Planning Department website and office and mailed to the applicant, City approving entities, and anyone requesting written notice. In accordance			
with Chapter 31, Sec 31.08j of the San Francisco Administrative Code, an appeal of this determination can be filed within 10 days of posting of this determination.			
Plan	ner Name:	Date:	

Land Use Information

PROJECT ADDRESS: 800 MARKET ST RECORD NO.: 2019-014033CUA

	EXISTING	PROPOSED	NET NEW
	GROSS SQUARE FO	DOTAGE (GSF)	
Parking GSF	0	0	0
Residential GSF	0	0	0
Retail/Commercial GSF	17,124	11,416	-5,708
Office GSF	28,540	34,284	5,708
TOTAL GSF	45,664	45,664	
	EXISTING	NET NEW	TOTALS
	PROJECT FEATURES (Units or Amounts)	
Number of Buildings	1	0	1
Number of Stories	8	0	8
Parking Spaces	0	0	0
Loading Spaces	2	0	2

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

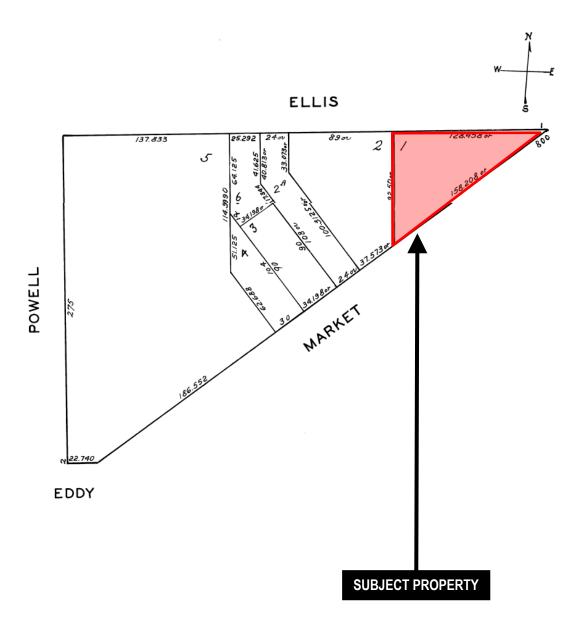
Reception: 415.558.6378

Fax:

415.558.6409

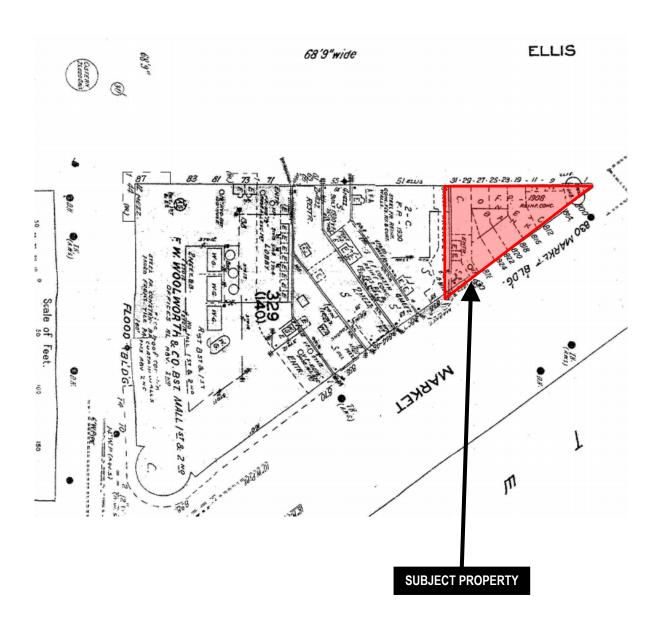
Planning Information: 415.558.6377

Block Book Map





Sanborn Map*



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

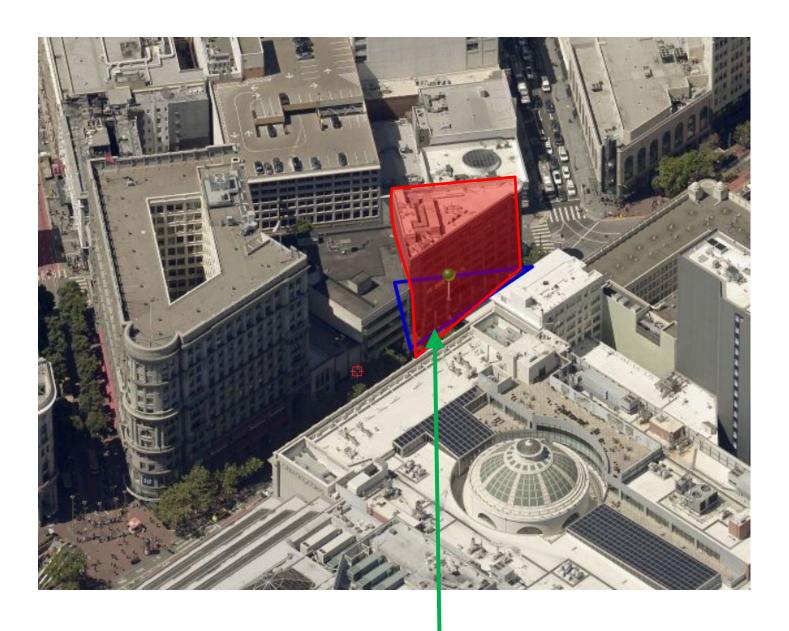


Zoning Map





Aerial Photo

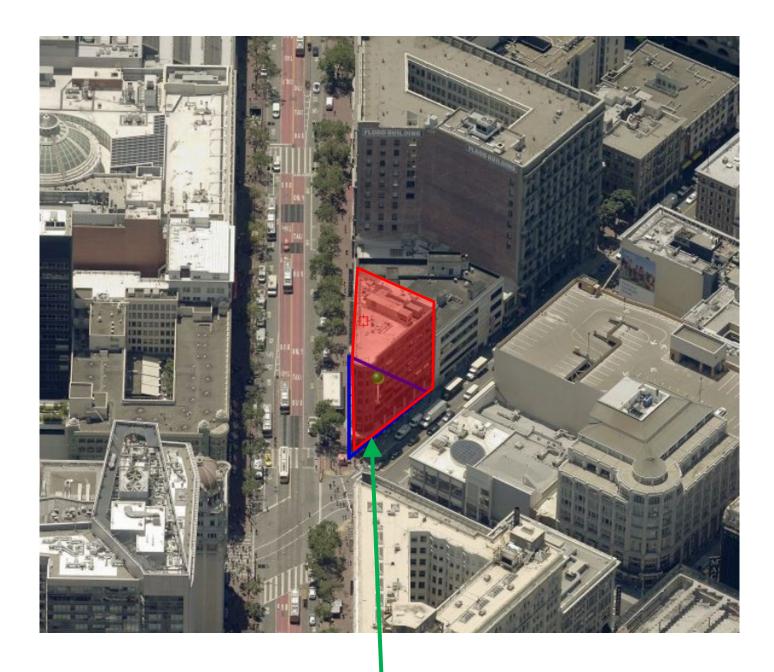


SUBJECT PROPERTY



Conditional Use Authorization Hearing Case Number 2019-014033CUA 800 Market Street

Aerial Photo



SUBJECT PROPERTY

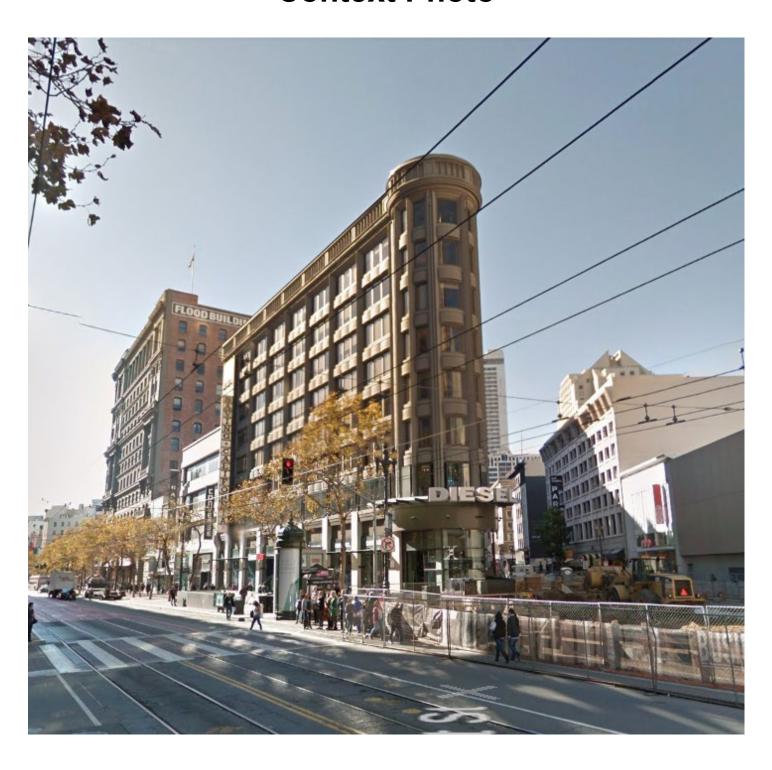


Context Photo





Context Photo





GBA, INC.

3130 20th Street SF CA 94110

Alexandra Kirby Senior Planner and Preservationist Planning Department of San Francisco 1650 Mission, Suite 400 San Francisco CA 94103

March 26, 2020

Alexandra Kirby,

Thank you for the opportunity to present this summary of our Conditional Use Authorization application 2019-014033CUA. This CUA application proposes office use at the third floor (approximately 4,400 net square feet) of the subject building, 800 Market. The existing 8 story building is comprised of approximately 29,000 gsf of office and accessory uses on floors 3-8 and approximately 11,600 gsf of retail and building service space at the ground and second floors. Since the CUA application was submitted to the Department of City Planning (DCP) in July of 2019, additional information has come to light that we would like to share with you and your colleagues in consideration of our application. What follows is a concise recapitulation of our application as well as additional data and information relevant to our application and the subject property.

Site Description and Present Use.

The Project site, on the 3rd floor of 800 Market Street, is located at the intersection of Market St and Ellis St. This building is located in the Downtown/Civic Center neighborhood and zoned as C-3-R. The existing eight story high-rise building currently has two floors of Retail located at the 1st and 2nd floors, with Office use on floors 4-8. The third floor has had a variety of previous uses classified as retail, educational and accessory office uses but has been used primarily as accessory and office by the most recent occupying tenants.

Current and Prior Uses:

The building was constructed in 1908 for the original use as bank and offices. The floor in question is approximately 4,400 net square feet and has been vacant since 2017 when the current and long-term tenant, Diesel, turned over the 3rd floor space back to the Landlord as a condition of their lease renewal, which was completed in May of 2018 (see attachment A). Prior to the vacancy, the 3rd floor was demised into two roughly equal portions. Thus, the last use of the floor was as a storage and BOH office area for the Diesel Retail located below at floors 1 and 2, as well as accessory office use for The Study Group, an educational language school that occupied floors 4 and 5. The internal stair that directly connected Floors 2 and 3 in the Diesel occupied space has been removed as part of lease negotiations between Diesel and the Landlord, and its slab opening infilled under permit (by others) 2018-0618-2124. There is currently no direct point of connection between floors 2 and 3.

Proposed Use / Suitability for Intended Use:

It is proposed to convert the entire third floor (4,400nsf/5800gsf) to Office use. Note that the third floor has previously been permitted for accessory office use as well as back-of-house Retail Storage and back-of-house functions (see below):

- 5/17/10: #201005172547 Building Permit Application for install of TI scope at 3rd/4th/5th floor for "The Study Group". Occupancy code noted as B. Building Use noted as "School". Per the DCP approved drawings, the majority of occupied space on the 3rd floor under this permit was for office use.
- 4/24/09: #200904247061 Building Permit Application for install of high-density shelving at 3rd floor for non-public-facing Retail Storage. Occupancy code noted as M and B. Building Use noted as "Retail Sales"

This permit history shows that the proposed change does not impact the amount of retail square footage present and available in the district as the area proposed for change of use has most recently been used as accessory office and storage split between the area above, now offices, and the area below, remaining retail. The third floor's suitability for office, and its ill-suitedness for retail, is powerfully demonstrated by the actual and permitted use of that space as accessory office and storage by the very tenants who most recently occupied it.

The 3rd floor is isolated from street level, with no direct connection either to the lower Retail floors or to the street. Access to $3^{\rm rd}$ floor tenant space is via a keycard-controlled elevator lobby at Ellis Street. There is no public access either to the ground floor elevator lobby or from the 3rd floor elevator vestibule to tenant area of 3rd floor, making retail use of this space particularly uninviting (see space walk-through study, Attachment B). The space on the third floor is much more in character with existing Office spaces at the upper levels than the open Retail space at ground and $2^{\rm nd}$ floors.

Leasing History:

The space is currently vacant and efforts to lease the space have been ongoing since 2017. However, there has been minimal interest from retail tenants in the space. Only one serious proposal was put forward by a potential tenant for use of the lower floors; but this potential tenant never expressed any interest in leasing the third floor. This potential tenant decided not to pursue space at 800 Market. Since marketing the space in 2017, more than 13 retail parties have toured the space. An additional 36 parties have expressed interest in the space, but none of these ever reached the level of interest for an actual on-site tour. The parties that have turned down the space cannot be named specifically for reasons of confidentiality, but include: yoga studios, electronic retailers, clothing stores, fitness retailers, pharmacies, and accessory retailers. Many of these parties expressed interest in only the ground floor, and none expressed interest in the 3rd floor. The only interest the Landlord has received in the 3rd floor space has been for office use. The landlord has marketed the space to non-traditional retail clients (such as yoga and fitness), and these businesses have responded that the space is not viable for them.

Economic and Environmental Context:

These are unprecedented times. The decline in retail is a global phenomenon resulting in rising vacancies. Despite the booming economy, both nationally and locally, leading up to 2020, retail vacancies continue to rise. More retail stores closed in 2019 than in 2018 (Coresight Research). Moreover, the nature of retail that is surviving this new economy is not greedy for large real estate. Rather, these retail survivors are more efficient with regards to on-site storage, driving online sales. And they are focused on maximum visibility.

San Francisco, even its prime retail centers like C-3-R, is no exception to this startling trend in retail vacancies. As of the time of this letter, our real estate team's research indicates the true, non-shadow, 3rd floor vacancy rate for the C-3-R district at 11%. This is far above the general retail vacancy of 3% and on-par with some of San Francisco's hardest hit areas of retail vacancies. The recent COVID-19 pandemic has created a whole new set of challenges for retail-based businesses that can only exacerbate these already challenged and changing times. We believe that, rather than having vacancies and failing business surrounding the surviving retail establishments, it is better to surround these survivors with vibrant and dynamic workplaces when these workplaces would not dislocate any retailer, nor take a space away that is desirable for any retail-based business. The third floor of 800 Market is just such a space.

Closing:

In closing, the following factors make the 3rd floor of 800 Market particularly well suited for office use and ill-suited for retail use.

- 1) The space does not offer the accessibility or visibility that are critical for the success of any kind of retail business in this, or the foreseeable, market. Nor could the space be altered to be more accessible without prohibitive cost and alteration to the historic building. Rather the space is situated and configured in a way that is uniquely well suited for office use.
- 2) The third floor has most recently been used for office use, albeit as an accessory, and the proposed change of use does not remove any existing retail square footage from the district.
- 3) The gross square feet of the subject space, at just 5,800, is only slightly over the Planning code trigger of 5,000gsf requiring a CUA for office use; and the net square feet (excluding only elevator shafts, mechanical shafts and exit stairs and stair foyers) is 4,400 nsf. The planning code allows for 3rd floor office use in this district for smaller spaces, and the small margin by which the 800 Market footprint exceeds this threshold is more than made up for by its ill-suitedness for retail.
- 4) Office use at the relatively small 3rd floor will contribute to the vibrancy and vitality of the block, the building, and C-3-R district in the face of unprecedented challenges to traditional retail.

Thank you for your engagement on this project and consideration of the material presented here. Please feel free to contact me with any questions.

Warm Regards,

David Penn Associate, GBA Inc.



Invesco Real Estate 101 California Suite 1800 San Francisco, CA 94111 P 415.445.7558 F 415.445.7549

March 20, 2020

The San Francisco Department of City Planning 1660 Mission Street San Francisco, CA 94103

RE: 800 Market, Third Floor CUP

Dear Sir or Madam:

As a backdrop, the existing tenant, leased the Basement, Ground, Second and Third Floors from the previous owner back in 2008 for a total of 11,297 SF. The basement, ground and second floors were used for their retail operations and the third floor, which was 2,600/SF and always used strictly for offices and storage as part of their overall store. The three floors were connected by stairwells. In addition, both the second and third floors are connected via elevator, thru the office lobby on Ellis Street. It is our understanding the tenant occupied this space throughout their tenancy in this fashion, even prior to our involvement starting in 2011. In 2017, the tenant approached us about a termination for the space in which we asked for permission to market the space to find a replacement tenant. Those leasing efforts started in earnest in June 2017, with our leasing brokers and have continued thru present day. During that time, we received one proposal to lease for the basement, ground, and 2nd Floors back in September 2017. Leasing of the third floor was not contemplated in that proposal. In addition, we conducted over 13 tours, had over 20 prospects that either expressed interest or we pursued during the marketing period. None of those tours or prospects ultimately resulted in a lease at the project.

Subsequent to that proposal from the tenant and failed efforts to lease the space to a new retailer and the tenant's continued sales decline at this location, we were required to restructure the lease to keep the tenant in business. During those negotiations, the tenant claimed that they had no further use for the 3rd floor and wanted to reduce occupancy costs by right sizing into the remaining three floors. The tenant's claim was as follows: "that space is not nearly productive from as sales perspective as the 1st and 2nd floors". In May 2018, the restructure was completed. The tenant was required to remain in occupancy on all floors until they completed restoration work of filling in the stairwell between the second and third floor, which ultimately was completed in August 2019, with sign off from the City of San Francisco. The tenant had no use for this floor and given that they were still in occupancy on the lower floors with no access to this floor, a retail use could not be contemplated, especially since the only access was thru the office lobby on Ellis Street. Retailers desire street frontage, visibility, and access to the street. No retailer could be successful with this level of identity at 800 Market, after the restructure was complete. Again, the proposal we received in September 2017 was the only proposal we have

received in two plus years of marketing the property and that retailer ultimately decided not to pursue 800 market.

We recently have extended the tenant within space and during those negotiations there was no desire to include the third floor in their overall premises.

Sincerely,

Kevin Pirozzoli Managing Director

CC: Lizzy Bochner Elida Mena Project Name/Number: 800 Market – P2 / 53500

Project Type: Proposed Project Conversion to Office Space **Project Address:** 800 Market St., San Francisco, CA, 94103

Date: 12/27/2019



Existing Conditions Photo Report

Regarding the proposed development on the 3rd Floor of 800 Market Street in the Downtown-Retail District, please note the following walk through of site documenting current condition of space. References are to the attached key plans in the report.

Summary:

The site is currently occupied by a terracotta and reinforced concrete building from 1908, which retains much of its original character, although ground floor and building base have been heavily remodeled. The ground two floors are occupied by a retail tenant (Diesel), with upper floors 4-8 occupied by offices. The third floor is currently vacant. There is no connection between the retail space on Floors 1 & 2 and the upper level floors.

Ground Floor / Path from Street:

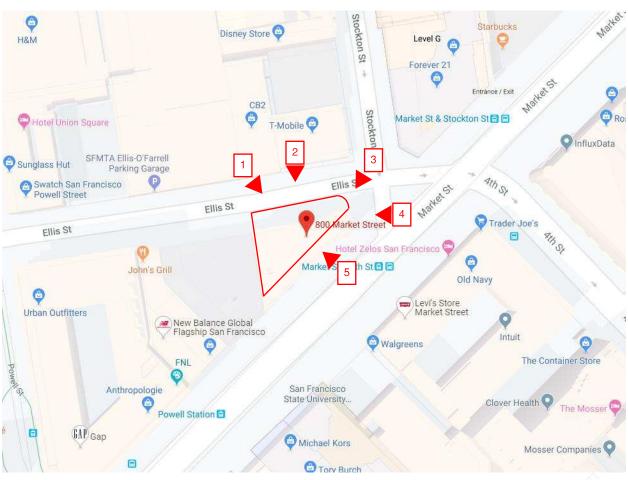
The ground floor retail presence is visible from and accessed from the corner of the building at the intersection of Market and Ellis (Photos 3, 4, 8, 9). This corner is highly visible from the pedestrianized corridor along Market Street.

The entrance to floors 3-8 is accessed from an elevator lobby off Ellis Street (Photos 1, 2, 5). This unmanned lobby is secured with a card reader 24/7 and inaccessible to the public (Photos 6 &7). The lobby is used for service functions for building (Building Electrical & IT) as well as access for tenants on the upper floors (Photos 10,11, 12).

Detail – Floor 3:

Elevator access at upper floors is typically through an enclosed lobby, as building is a high-rise building. Elevator access from Ellis Street entry takes one to an enclosed lobby with building core toilet rooms. Access to tenant space on this floor is through doors controlled with a card reader (Photos 13, 14). The 3rd Floor is currently vacant and demoed out (Photos 15, 17, 18). A stair that formerly connected the retail space below to an accessory storage room has been infilled (Photo 16). There is no current connection between Floors 2 and 3.



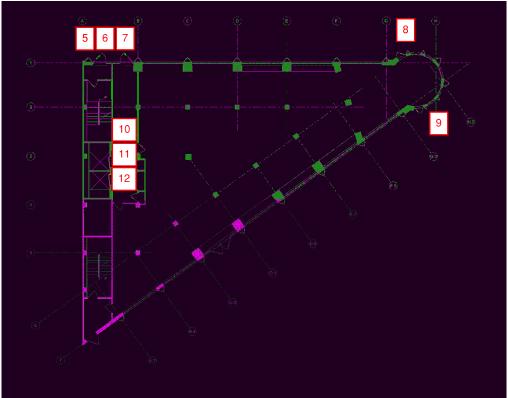


Site Map

Photo Key Plan - 1







Ground Floor Plan



Photo Key Plan - 2



Ellis Street

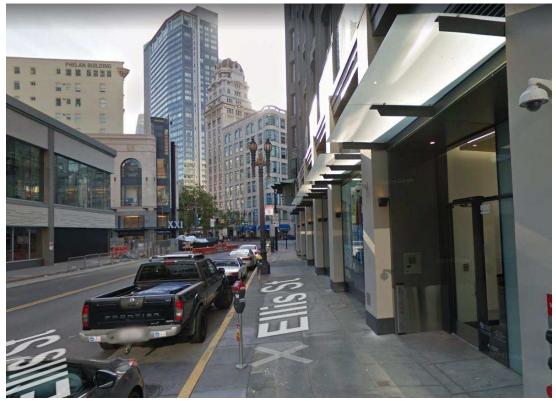


Figure 1 (Side Approach Entrance to Upper Floors)



Figure 2 (Side Entrance)



Ellis Street & Market Street



Figure 3 (Ellis St. & Market St. Retail Entrance)



Figure 4 (Ellis St. & Market St. Retail Entrance)



Ellis St. Entry to Upper Floors

- Handicap accessible door actuator provided
- Building intercom
- Card reader entry



Figure 5 (Main Entry/North Fire Exit Door)



Figure 6 (Entry with Handicap Accessible Door Actuator & Card Reader on Building Intercom)



Figure 7 (Inside Lobby Handicap Accessible Door Actuator)



Retail Space Entry

• Public retail space entry



Figure 8 (Diesel Retail Space Entry- Ellis St.)



Figure 9 (Diesel Retail Space Entry-Market St.)



Ground Floor Lobby

Office Tenant/Service Entrance:

- Two (2) elevator cabs.
- Electrical/IT/Security access.
- Service door to Diesel retail space.



Figure 10 (Ground Floor Lobby)



Figure 11 (Two (2) Elevator Cabs)



Figure 12 (Card Reader Inside Elevator)



3rd Floor Lobby

- Two (2) elevator cabs.
- Enclosed elevator lobby with two (2) single occupancy toilet rooms.



Figure 13 (3rd Floor Enclosed Elevator Lobby)



Figure 14 (Door to Tenant Space at 3rd Floor)



3rd Floor Tenant Space

Demoed space with:

- Open ceiling.
- Concrete Flooring.
- Large Windows.



Figure 15 (View of Open Office Space Looking Towards Enclosed Lobby)



Figure 16 (View of Location of Former Stair Connecting 2nd & 3rd Floors. Infilled Slab)



3rd Floor Tenant Space



Figure 17 (View of Corner Space)



Figure 18 (Floor Plan)