



# SAN FRANCISCO PLANNING DEPARTMENT

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## Executive Summary Annual Office Development Allocation

HEARING DATE: MAY 19, 2011

*Date:* May 12, 2011  
*Case No.:* **2011.0182B**  
*Project Address:* **555 MISSION STREET**  
*Zoning:* C-3-O (Downtown Office)  
500-S Height and Bulk District  
*Block/Lot:* 3721/120  
*Project Sponsor:* Andrew Junius  
Reuben & Junius  
1 Bush Street Suite 600  
San Francisco, CA 94104  
*Staff Contact:* Rick Crawford – (415) 558-6358  
[rick.crawford@sfgov.org](mailto:rick.crawford@sfgov.org)

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Information:  
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### PROJECT DESCRIPTION

The Project is to amend conditions of approval for a previously approved project to eliminate Condition of Approval #3-F requiring that 2,200 square feet of ground floor assembly space and 3,700 square feet of office space above the ground floor be leased to nonprofit organizations at below market rates. The space was intended for offices for San Francisco Planning and Urban Research (SPUR), which has since constructed offices in an alternative location.

The Project was originally approved by the Planning Commission on April 5, 2001 (“Original Project”) and a revision to the Original Project was approved by the Planning Commission on December 13, 2001 (First Revised Project) to demolish six existing buildings on the 34,300 square-foot site at 555 Mission Street and to construct there a 33-story office building about 455-feet tall, with two levels of underground parking containing 150 valet-style automobile spaces and six van spaces.

The Original Project had approximately 499,000 gross square feet (gsf) of new office space with approximately 4,000 gsf of ground-floor retail space, and 2,200 gsf of ground-floor assembly space. The First Revised Project changed the design of the Original Project by inserting three additional floors totaling 50,000 gross square feet of additional office space, thereby raising the overall height of the building from 30 stories (451 feet) to 33 stories (481.5 feet).

### SITE DESCRIPTION AND PRESENT USE

The Project site consists of Assessor's Block 3721, Lot 120 (“Project Site”), a through lot with frontages on both Mission Street and Minna Street of approximately 34,300 square feet of area on the south side of Mission Street between First Street and Second Street, in the South Financial

District and the Transbay Redevelopment Study Area. The Project Site lies one block south of Market Street, six blocks west of the Embarcadero, two blocks northeast of the Moscone Convention Center at Third and Howard Streets, and one-half block from the Transbay Terminal. The site is occupied by a 33-story, approximately 557,054 square foot office building.

## **SURROUNDING PROPERTIES AND NEIGHBORHOOD**

The Project site is within an area developed with numerous high-rise office towers and a number of residential buildings. Another large tower is approved at 355 Mission Street to the east. South of the site, across Minna Street is the location of the Transbay Terminal.

## **ENVIRONMENTAL REVIEW**

Since the specific elimination of one condition of approval would not result in any new physical changes to the project, the project is consistent with the EIR and Addenda.

## **HEARING NOTIFICATION**

<b>TYPE</b>	<b>REQUIRED PERIOD</b>	<b>REQUIRED NOTICE DATE</b>	<b>ACTUAL NOTICE DATE</b>	<b>ACTUAL PERIOD</b>
Classified News Ad	20 days	April 29, 2011	April 27, 2011	22 days
Posted Notice	20 days	April 29, 2011	April 28, 2011	21 days
Mailed Notice	10 days	April 29, 2011	April 28, 2011	21 days

## **PUBLIC COMMENT**

- The Department is not aware of any opposition to this project.

## **ISSUES AND OTHER CONSIDERATIONS**

- In 2001, the Planning Commission approved the allocation of 549,000 square feet of office space pursuant to Planning Code Sections 321 and 322 to the subject property. The approval was conditioned in part on a requirement that the sponsor provide 2,200 square feet of ground floor assembly space and 3,700 square feet office space on an above grade floor to a nonprofit organization at a significantly below-market rate cost. At the time, the Sponsor had a 40-year lease agreement with SPUR. Since the approval of the project, SPUR has been successful in raising requisite funds to construct its Urban Center located at 654 Mission Street and now occupies that space as its permanent home. SPUR is no longer in need of the office and assembly space located at the Project Site.
- The Property Owner has been actively seeking nonprofit tenants for the allocated office and assembly space since 2008 and has not found an organization that has the financial means to pay the below-market rental rate required under Motion 16302 as several more affordable options are available within a five-block radius of the site.
- The Department has received a letter from SPUR consenting to and recommending approval of the modification.

- The original provision of the assembly and office space for nonprofit use was offered voluntary by the Property Owner and included in the conditions of approval of Motion 16302 by the Planning Commission.
- The amendment does not add more office space under Sections 321 and 322 as the 3,700 square feet of office on the second floor was included in the 2001 allocation. Ground floor space will be used by retail or service uses in compliance with Planning Code Section 218(b)
- The project continues to comply with the FAR and all other applicable requirements of the Planning Code.

### **REQUIRED COMMISSION ACTION**

In order for the project to proceed, the Commission must approve the Annual Office Development Limitation Program Application under Planning Code Section 322(e) to modify a condition of approval in case Number 2001.0798B, Planning Commission Motion 16302 to eliminate Condition #3F requiring that 2,200 square feet of ground floor assembly space and 3,700 square feet of office space above the ground floor be leased to nonprofit organizations at below market rates.

### **BASIS FOR RECOMMENDATION**

The Department believes this project is necessary and/or desirable under Section 303 of the Planning Code for the following reasons:

- The Project will not displace a nonprofit organization,
- The nonprofit for whom the space was voluntarily reserved has located elsewhere and recommends the modification,
- The Project does not expand the amount of office space in the City,
- The Project promotes small-business ownership by providing rental space for new neighborhood-serving ground floor retail or service uses,
- The District is well served by transit, therefore customers should not impact traffic,
- The proposed Project meets all applicable requirements of the Planning Code.

<b>RECOMMENDATION:</b> <b>Approval with Conditions</b>
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**Attachments:**

Block Book Map  
Sanborn Map  
Zoning Map  
Photographs  
Letter From SPUR  
Motion 16302

Attachment Checklist

- |   |   |
|---|---|
| <input checked="" type="checkbox"/> Executive Summary   | <input type="checkbox"/> Project sponsor submittal  |
| <input checked="" type="checkbox"/> Draft Motion        | Drawings: <u>Existing Conditions</u>  |
| <input type="checkbox"/> Environmental Determination    | <input type="checkbox"/> Check for legibility   |
| <input checked="" type="checkbox"/> Zoning District Map | Drawings: <u>Proposed Project</u>   |
| <input checked="" type="checkbox"/> Height & Bulk Map   | <input type="checkbox"/> Check for legibility   |
| <input checked="" type="checkbox"/> Parcel Map          | <input type="checkbox"/> Health Dept. review of RF levels                                     |
| <input checked="" type="checkbox"/> Sanborn Map         | <input type="checkbox"/> RF Report  |
| <input checked="" type="checkbox"/> Aerial Photo        | <input type="checkbox"/> Community Meeting Notice   |
| <input checked="" type="checkbox"/> Context Photos      | <input type="checkbox"/> Inclusionary Affordable Housing Program:<br>Affidavit for Compliance |
| <input type="checkbox"/> Site Photos                    |   |

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

RC  
Planner's Initials

INSERT FILE NAME AND PATH

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# SAN FRANCISCO PLANNING DEPARTMENT

*Subject to: (Select only if applicable)*

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

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## Planning Commission Draft Motion

HEARING DATE: MAY 19, 2011

*Date:* May 12, 2011  
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*Project Address:* **555 MISSION STREET**  
*Zoning:* C-3-O (Downtown Office)  
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1 Bush Street Suite 600  
San Francisco, CA 94104  
*Staff Contact:* Rick Crawford – (415) 558-6358  
[rick.crawford@sfgov.org](mailto:rick.crawford@sfgov.org)

**ADOPTING FINDINGS TO AMEND THE CONDITIONS OF APPROVAL ON AN AUTHORIZATION RELATING TO THE 2001-2002 ANNUAL OFFICE DEVELOPMENT LIMITATION PROGRAM TO REMOVE A CONDITION REQUIRING THAT 2,200 SQUARE FEET OF GROUND FLOOR ASSEMBLY SPACE AND 3,700 SQUARE FEET OF OFFICE SPACE ABOVE THE GROUND FLOOR BE LEASED TO NONPROFIT ORGANIZATIONS AT BELOW MARKET RATES FOR A PREVIOUSLY APPROVED PROJECT LOCATED AT 555 MISSION STREET FOR CONSTRUCTION OF 549,000 GROSS SQUARE FEET OF NEW OFFICE SPACE PURSUANT TO PLANNING CODE SECTIONS 321 AND 322 ON ASSESSOR'S BLOCK 3721, LOTS 120 IN A C-3-O (DOWNTOWN, OFFICE) DISTRICT AND WITHIN 500-S HEIGHT AND BULK DISTRICT AND ADOPTING FINDINGS UNDER THE CALIFORNIA ENVIRONMENTAL QUALITY ACT.**

### PREAMBLE

On April 5, 2001, the San Francisco Planning Commission ("Planning Commission") adopted Motion No. 16129 (Case No. 1999.603X), granting authorization to Tishman Speyer Properties to demolish six existing buildings on the 34,300 square-foot site at 555 Mission Street and to construct there a 31-story office building about 455-feet tall, with two levels of underground parking containing 150 valet-style automobile spaces and six van spaces ("Original Project"). The Original Project had approximately 499,000 gross square feet (gsf) of new office space with

approximately 4,000 gsf of ground-floor retail space, and 2,200 gsf of ground-floor assembly space.

On August 22, 2001, James Rueben of Reuben & Alter LLP, on behalf the Project Sponsor filed Application No. 2001.0798B with the Department for 1) Planning Code Section 321 (Office Development Annual Limit) and Section 322 (Procedure for Administration of Office Development Limit) to add 50,000 square feet of office space to that previously approved Project as approved by the Planning Commission in Case No. 1999.603BX on April 5, 2001.

On October 4, 2001, Jared Eigermann of Rueben of Reuben & Alter LLP, on behalf of TST Mission Street, LLC ("Project Sponsor") filed Application No. 2001.0798X with the Department for 1) authorization under Section 309 to add 50,000 gross square feet of office space to the previously approved 499,000 square feet of office space that was granted by the Planning Commission on April 5, 2001 in Case No. 1999.603BX and attached with Motion No. 16129. This project ("Revised Project") also adds 26.5 feet in height to the building (481.5 feet) by inserting three new floors into the proposed structure. The Revised Project is in the C-3-O District, and the applicant requests exceptions from the requirements set forth in Sections 132.1, 148 and 270.

On October 17, 2001, by letter from Jared Eigerman, the Project Sponsor amended the Section 309 Application to clarify the requested bulk and volume exceptions under San Francisco Planning Code ("Planning Code") Sections 270(d)(2) and 270(d)(3).

On February 23, 2011 Andrew Junius (hereinafter "Project Sponsor") filed an application with the Planning Department (hereinafter "Department") for Modification of Project Authorization under Planning Code Section 322(e) to modify a condition of approval in case Number 2001.0798B, Planning Commission Motion 16302 to eliminate Condition of Approval #3-F requiring that 2,200 square feet of ground floor assembly space and 3,700 square feet of office space above the ground floor be leased to nonprofit organizations at below market rates.

The Project is included within the scope of development analyzed in the Project's Final Environmental Impact Report ("FEIR"), which was certified by the Planning Commission on October 12, 2000 in Motion No. 16004. On October 18, 2001, the Major Environmental Analysis section of the Department published an Addendum to the Final Environmental Impact Report ("FEIR"). This Addendum reflected revisions to the Original Project as proposed by the First Revised Project and concluded that no supplemental environmental review was required for the First Revised Project. Since the specific elimination of one condition of approval would not result in any new physical changes to the project, the project is consistent with the EIR and Addenda.

On May 19, 2011, the San Francisco Planning Commission (hereinafter "Commission") conducted a duly noticed public hearing at a regularly scheduled meeting on Application No. 2011.0182B.

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 Modification of Project Authorization under Planning Code Section 322(e) to modify Planning Commission Motion 16302 in case Number 2001.0798B, to eliminate Condition of Approval #3-F requiring that 2,200 square feet of ground floor assembly space and 3,700 square feet of office space above the ground floor be leased to nonprofit organizations at below market rates requested in Application No. 2011.0182B, subject to the conditions contained in "EXHIBIT A" of this motion, based on the following findings:

## FINDINGS

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

1. The above recitals are accurate and constitute findings of this Commission.
2. **Site Description and Present Use.** The Project site consists of Assessor's Block 3721, Lot 120 ("Project Site"), a through lot with frontages on both Mission Street and Minna Street of approximately 34,300 square feet of area on the south side of Mission Street between First Street and Second Street, in the South Financial District and the Transbay Redevelopment Study Area. The Project Site lies one block south of Market Street, six blocks west of the Embarcadero, two blocks northeast of the Moscone Convention Center at Third and Howard Streets, and one-half block from the Transbay Terminal. The site is occupied by a 33-story, approximately 557,054 square foot office building.
3. **Surrounding Properties and Neighborhood.** The Project site is within an area developed with numerous high-rise office towers and a number of residential buildings. Another large tower is approved at 355 Mission Street to the east. South of the site, across Minna Street is the location of the Transbay Terminal.
4. **Project Description.** The Project is to amend conditions of approval for a previously approved project to eliminate Condition of Approval #3-F requiring that 2,200 square feet of ground floor assembly space and 3,700 square feet of office space above the ground floor be leased to nonprofit organizations at below market rates. The space was intended for offices for SPUR, which has since constructed offices in an alternative location.

The Project was originally approved by the Planning Commission on April 5, 2001 ("Original Project") and a revision to the Original Project was approved by the Planning Commission on December 13, 2001 (First Revised Project) to demolish six existing buildings on the 34,300 square-foot site at 555 Mission Street and to construct there a 33-story office building about 455-feet tall, with two levels of underground parking containing 150 valet-style automobile spaces and six van spaces.

The Original Project had approximately 499,000 gross square feet (gsf) of new office space with approximately 4,000 gsf of ground-floor retail space, and 2,200 gsf of ground-floor assembly space. The First Revised Project changed the design of the Original Project by inserting three additional floors totaling 50,000 gross square feet of additional office space, thereby raising the overall height of the building from 30 stories (451 feet) to 33 stories (481.5 feet).

5. **Public Comment.** The Department has not received any public comment on this matter. The Department has received a letter from SPUR consenting to and, recommending approval of the requested modification.
6. This Commission adopts the findings of the previous Planning Commission Motion 16302 as fully set forth herein.
7. 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.
8. On balance, the Commission hereby finds that approval of the proposed amendment to condition of approval 3.F of Planning Commission Motion No. 16302 under the Annual Office Development Limitation Program in this case 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 Annual Office Development Limitation Program Application No. 2011.0182B** subject to the following conditions attached hereto as "EXHIBIT A" in general conformance with **plans on file, dated February 23, 2011, 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 Authorization to the Board of Supervisors within thirty (30) days after the date of this Motion No. XXXXX. The effective date of this Motion shall be the date of this Motion if not appealed (After the 30-day period has expired) OR the date of the decision of the Board of Supervisors if appealed to the Board of Supervisors. For further information, please contact the Board of Supervisors at (415) 554-5184, City Hall, Room 244, 1 Dr. Carlton B. Goodlett Place, San Francisco, CA 94102.

I hereby certify that the Planning Commission ADOPTED the foregoing Motion on May 19, 2011.

Linda D. Avery  
Commission Secretary

AYES:

NAYS:

ABSENT:

ADOPTED: May 19, 2011

## EXHIBIT A

### AUTHORIZATION

This authorization is under the Annual Office Development Limitation Program to amend the conditions of approval for a previously approved project to eliminate Condition of Approval #3-F requiring that 2,200 square feet of ground floor assembly space and 3,700 square feet of office space above the ground floor be leased to nonprofit organizations at below market rates at 555 Mission Street Lot 120 of Assessor's Block 3721 pursuant to Planning Code Sections 321 and 322 within the C-3-O District and a 500-S Height and Bulk District; and subject to conditions of approval reviewed and approved by the Commission on May 19, 2011 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 May 19, 2011 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 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 authorization.

## Conditions of Approval, Compliance, Monitoring, and Reporting PERFORMANCE

1. **Validity and Expiration.** The authorization and right vested by virtue of this action is valid for three years from the effective date of the Motion. A building permit from the Department of Building Inspection to construct the Project and/or commence the approved use must be issued as this authorization is only an approval of the proposed Project and conveys no independent right to construct the Project or to commence the approved use. The Planning Commission may, in a public hearing, consider the revocation of the approvals granted if a site or building permit has not been obtained within three (3) years of the date of the Motion approving the Project. 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. The Commission may also consider revoking the approvals if a permit for the Project has been issued but is allowed to expire and more than three (3) years have passed since the Motion was approved.

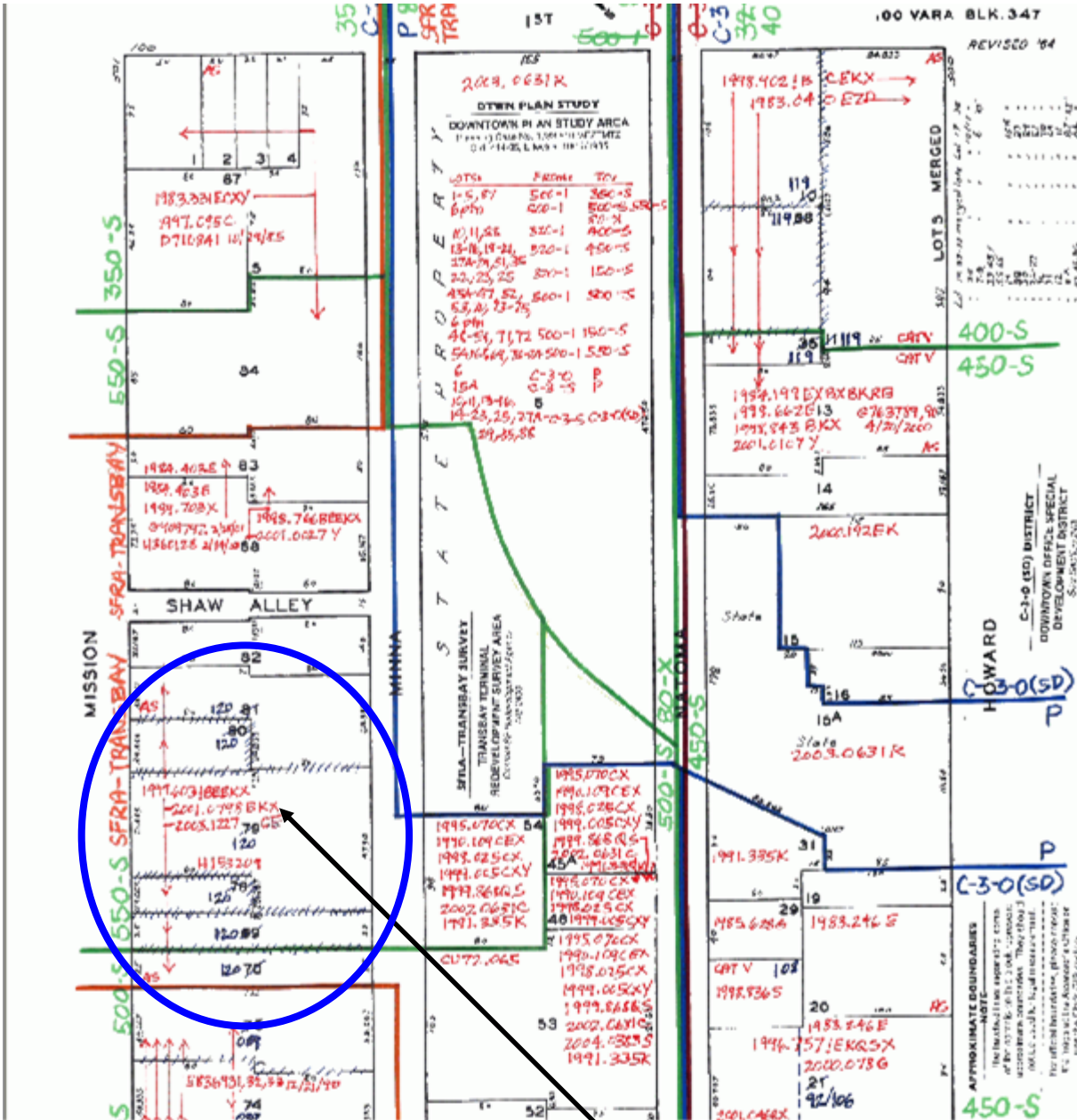
*For information about compliance, contact Code Enforcement, Planning Department at 415-575-6863, [www.sf-planning.org](http://www.sf-planning.org).*

### MONITORING

2. **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](http://www.sf-planning.org).*

# Parcel Map

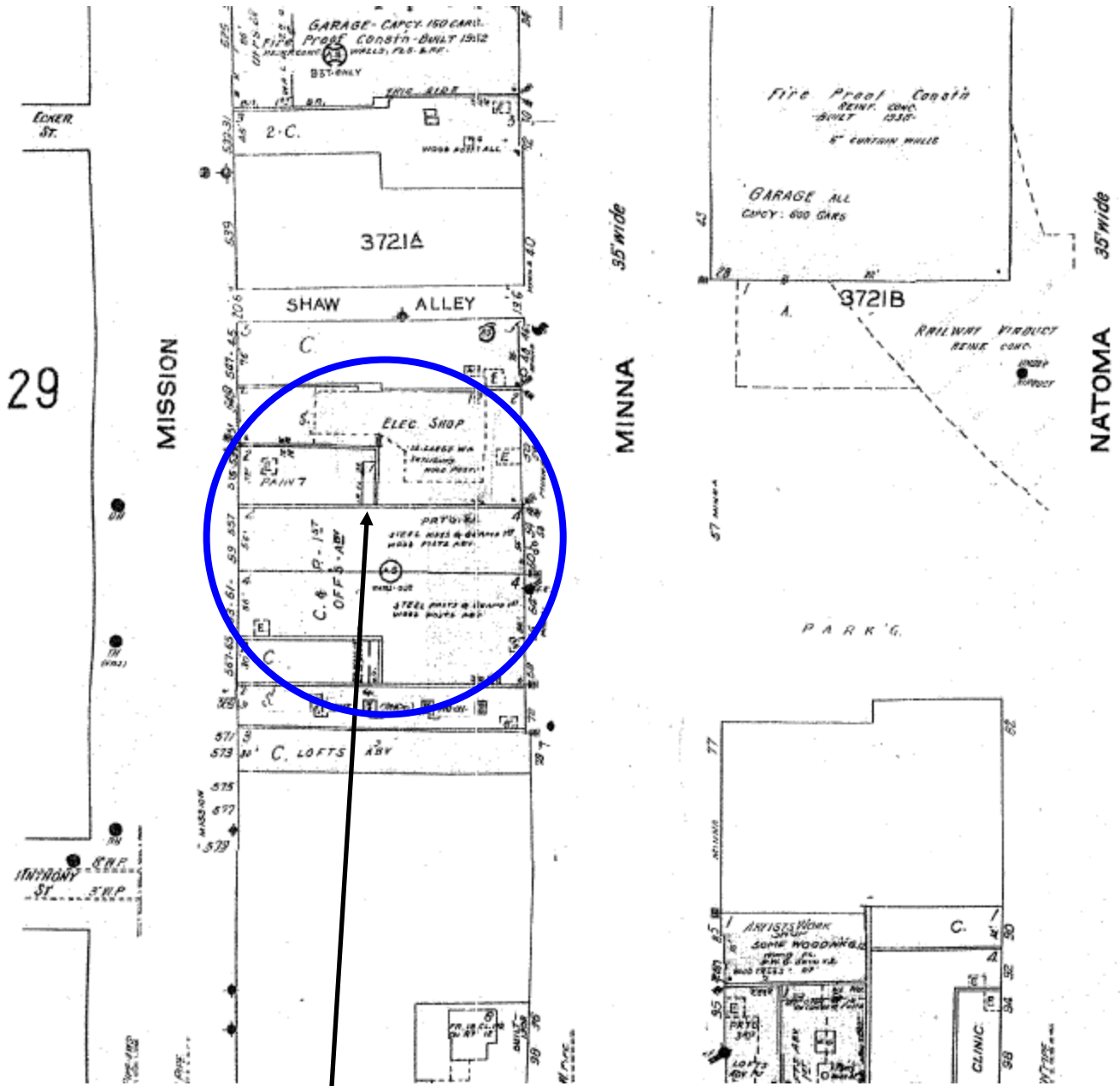


**SUBJECT PROPERTY**



Office Allocation Hearing  
 Case Number 2011.0182B  
 555 Mission Street

# Sanborn Map\*



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

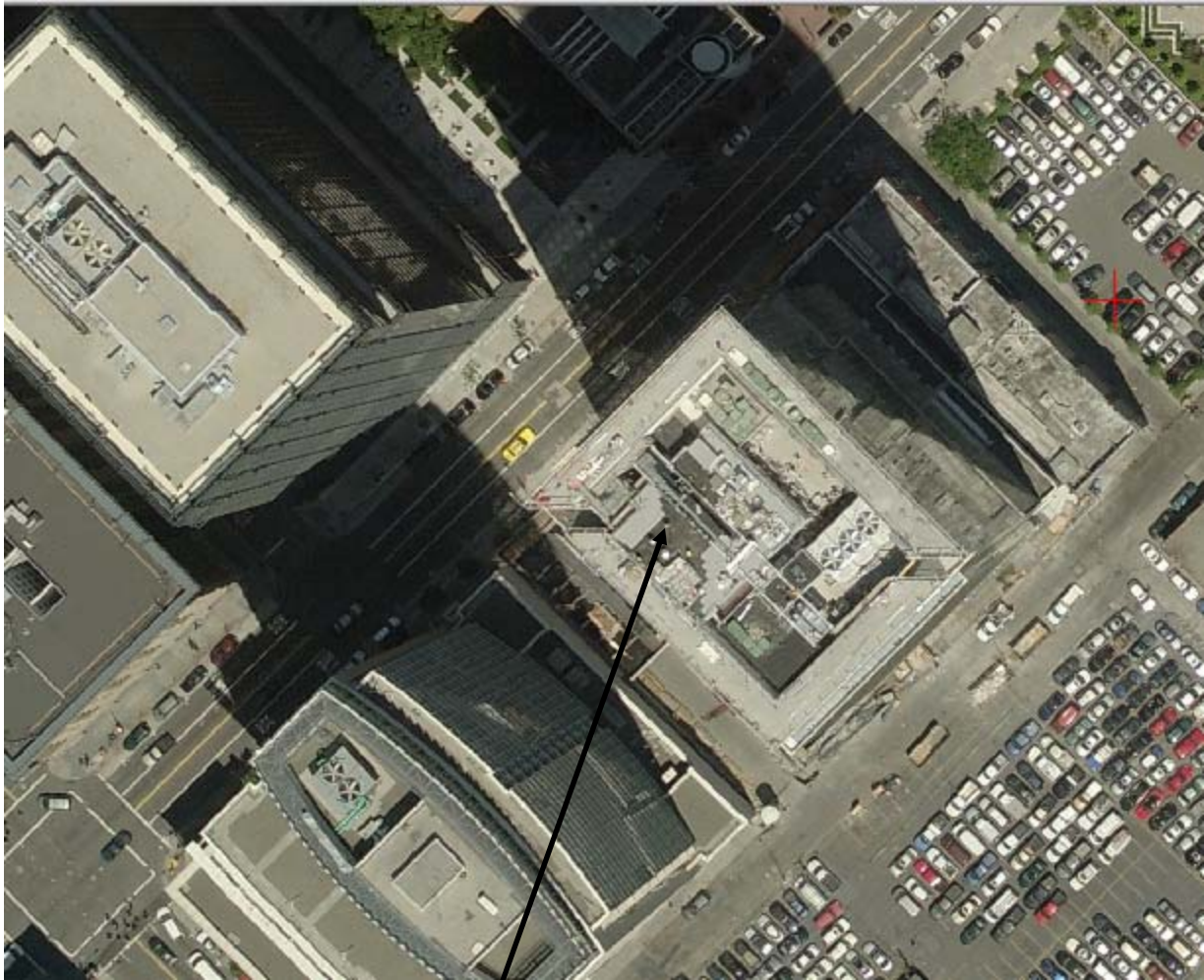
**SUBJECT PROPERTY**



Office Allocation Hearing  
 Case Number 2011.0182B  
 555 Mission Street



# Aerial Photo



**SUBJECT PROPERTY**



Office Allocation Hearing  
Case Number 2011.0182B  
555 Mission Street

# Site Photo



SUBJECT PROPERTY

Office Allocation Hearing  
Case Number 2011.0182B  
555 Mission Street



# Context Photo



**SUBJECT PROPERTY**

Office Allocation Hearing  
Case Number 2011.0182B  
555 Mission Street

**SAN FRANCISCO**  
**CITY PLANNING COMMISSION**

**MOTION NO. 16302**

**ADOPTING FINDINGS RELATING TO APPROVAL BY THE PLANNING COMMISSION UNDER THE 2001-2002 ANNUAL OFFICE DEVELOPMENT LIMITATION PROGRAM FOR A PROPOSED PROJECT LOCATED AT 555 MISSION STREET THAT WOULD CONSTRUCT 549,000 GROSS SQUARE FEET OF NEW OFFICE SPACE PURSUANT TO PLANNING CODE SECTIONS 321 AND 322 ON ASSESSOR'S BLCOK 3721, LOTS 69, 70, 78, 79, 80 AND 81 IN A C-3-O (DOWNTOWN, OFFICE) DISTRICT AND WITHIN 500-S AND 550-S HEIGHT AND BULK DISTRICTS.**

**RECITALS**

1. On April 5, 2001, the San Francisco Planning Commission ("Planning Commission") adopted Motion No. 16129 (Case No. 1999.603X), granting authorization to Tishman Speyer Properties to demolish six existing buildings on the 34,300 square-foot (sf) site at 555 Mission Street and to construct there a 31-story office building about 455-feet tall, with two levels of underground parking containing 150 valet-style automobile spaces and six van spaces. ("Original Project"). The Original Project had approximately 499,000 gross square feet (gsf) of new office space with approximately 4,000 gsf of ground-floor retail space, and 2,200 gsf of ground-floor assembly space.
2. On August 22, 2001, James Rueben of Reuben & Alter LLP, on behalf the Project Sponsor filed Application No. 2001.798B with the Department for 1) Planning Code Section 321 (Office Development Annual Limit) and Section 322 (Procedure for Administration of Office Development Limit) to add 50,000 square feet of office space to that previously approved project as approved by the Planning Commission in Case No. 1999.603BX on April 5, 2001.
3. On October 4, 2001, Jared Eigermann of Reuben of Reuben & Alter LLP, on behalf of TST Mission Street, LLC ("Project Sponsor") filed Application No. 2001.798X with the Department for 1) authorization under Section 309 to add 50,000 gross square feet of office space to the previously approved 499,000 square feet of office space that was granted by the Planning Commission on April 5, 2001 in Case No. 1999.603BX and attached with Motion No. 16129. This project ("Revised Project") also adds 26.5 feet in height to the building (481.5 feet) by inserting three new floors into the proposed structure. The Revised Project is in the C-3-O District, and the applicant requests exceptions from the requirements set forth in Sections 132.1, 148 and 270.
3. On October 17, 2001, by letter from Jared Eigerman, the Project Sponsor amended the Section 309 Application to clarify the requested bulk and volume exceptions under San Francisco Planning Code ("Planning Code") Sections

270(d)(2) and 270(d)(3).

5. The Revised Project is included within the scope of development analyzed in the Project's Final Environmental Impact Report ("FEIR"), which was certified by the Planning Commission on 10/12/00 in Motion No. 16004. On October 18, 2001, the Major Environmental Analysis section of the Department published an Addendum to the Final Environmental Impact Report ("FEIR"). This Addendum reflects revisions to the Original Project as proposed by the Revised Project. It concludes that no supplemental environmental review is required for the Revised Project.
6. On December 13, 2001 the Commission conducted a duly noticed public hearing at a regularly scheduled meeting on Application No. 2001.0798BX, and approved the Revised Project.
7. In evaluating the Revised Project's Application, the Commission has reviewed and considered the Case Report, studies, letters, plans, and other materials pertaining to this Project in the Department's case files, has reviewed and heard testimony and received materials from interested parties during the public hearing on the Revised Project.

## **FINDINGS**

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

1. The above Recitals are accurate and also constitute findings of this Commission.
2. Project Site/Present Use: The project site consists of Assessor's Block 3721, Lots 69, 70, 78, 79, 80 and 81 ("Project Site"), and covers an area of approximately 34,300 square feet. The Project Site is on Mission Street between First Street and Second Street, in the South Financial District and the Transbay Redevelopment Study Area. The site is a through lot with frontages on both Mission Street and Minna Street. There are currently six vacant commercial buildings on the site. All six of the buildings are "Category V" (unrated, non-contributory) buildings under Article 11 of the Planning Code. The Project Site lies one block south of Market Street, six blocks west of the Embarcadero, two blocks northeast of the Moscone Convention Center at Third and Howard Streets, and one-half block from the Transbay Terminal.
3. Project Description. The revised proposal is a request to modify a previously approved project ("Original Project"). On April 5, 2001, the San Francisco Planning Commission adopted Motion 16130, granting Project Authorization under Planning Code Section 321 et seq. for 499,000 gross square feet of new office space within a 455-foot high office building with ground-floor retail. At the same hearing, the Commission also adopted Motion 16129, approving certain exceptions for the Original Project under Planning Code Section 309.

The revised proposal ("Revised Project") would change the design of the Original Project by inserting three additional floors, two matching the floor plates for floors 21-28 of the Original Project, and one matching the floor plates for floors 29-30 of the Original Project. This additional floor space will total 50,000 gross square feet of additional office space, thereby raising the overall height of the building from 30 stories (451 feet) to 33 stories (481.5 feet). Therefore, the Revised Project requires minor amendments to the exceptions granted for the Original Project.

The revised proposal is to demolish the existing buildings on the site and construct a 33-story, approximately 481.5 foot tall building with 549,000 gross square feet (gsf) of office space, approximately 4,000 gsf of ground story retail space, at least 11,140 square feet of public open space, and a two-story below grade parking garage with 150 valet-style automobile spaces and 6 van-size loading spaces, accessible via ramps off of Minna Street. Three full-size loading spaces would be accessible directly from Minna Street.

Pursuant to Planning Code Sections 313 and 314, the Department has determined that the Revised Project would result in the net addition of up to 549,000 square feet of gross floor area of office use. Per Section 321(c)(3) of the Planning Code, any office development that is modified to increase its allocation, loses its approved status on the list under the annual office limitation program. Therefore, modification of the previously approved office development results in the rescission of the allocation of the 499,000 square feet of gross floor area of office use that was given to the Original Project by Motion 16130 by the Planning Commission on April 5, 2001. Per Section 321(c), the Revised Project may only be approved subject to the provisions of Section 231(a)(1) of the Planning Code. Therefore, the modification that proposes 50,000 square feet of additional gross floor area of office use results in a request for a total of 549,000 square feet of gross floor area office use to be applied towards the 2001-2002 annual office limitation program.

The basic floor plate of the Revised Project would be rectangular and remains essentially unchanged from the Original Project, with the main pedestrian entrance to the office tower on Mission Street. A 6,000 square foot lobby would be accessed via two sets of doors from the adjacent open space plaza on the westerly side of the property as well as the main entry off of Mission Street. Public restrooms would be located at the rear of the lobby.

The Revised Project includes publicly accessible open space in the form of a plaza that is unchanged from the Original Project. This open space is located at street level on the western side of the building and totals approximately 11,140 square feet. The plaza has been designed to encourage use as a gathering place and as a direct pedestrian thoroughfare connecting Mission and Minna Streets. See page 17 of this Report for a detailed description of the plaza.

The ground floor retail space is unchanged from the Original Project and would consist of approximately 4,000 square feet of space with frontage on Mission Street, including a smaller space that the Project Sponsor intends to lease to a

food service operation.

Approximately 2,200 square feet of ground floor space in the southern corner of the building, adjacent to the urban plaza and Minna Street, is proposed as an assembly space for public meeting and exhibits to be managed by the non-profit organization San Francisco Planning and Urban Research (SPUR). The Project Sponsor also proposes to provide SPUR with approximately 3,900 square feet of office space on an above-grade floor of the building. Both the ground-floor assembly space and the upper-level office space would, in a condition of approval included in the Section 321 Motion (2001.0798XB), be required to be leased to a non-profit organization at a significantly below-market rate for the life of the building. The Project Sponsor currently has a lease agreement with SPUR for 40 years.

The Original Project proposed that floors two through thirty would be used as office space. The Revised Project proposes that floors two through thirty-three would be used for office space, and the roof would contain mechanical equipment.

The base of the building is defined by two 5 and 6-story "shoulder" elements on either side of the Mission Street façade. The 6-story base element relates to a 5-story adjacent building that would remain between the Project and Shaw Alley. The 5-story base element is set apart from the main Mission Street shaft by a 10-foot reveal, which follows the 5-story piece as it wraps around the base to the south, delineating the main entry to the office tower and the open space plaza. The tower is made up of components that step back on the Mission and Minna Street facades. The interlocking building volumes would be clad with four subtly different glass curtain wall patterns to enrich the overall form of the building. The use of a variety of glass curtain wall patterns would provide a variety of textures to the exterior while retaining the impression of a light and airy structure. The window proportions, mullion system and use of vertical fins would accentuate the tower's verticality. A thirty-five-foot parapet wall would rise above the 33rd floor, as an architectural element that would provide interest at the top of the building and would screen rooftop mechanical equipment. This penthouse/parapet would be lit from within at night.

Consistent with the requirements of the Planning Code, based on 549,000 gross floor area of new office space, the Revised Project would provide approximately \$6,225,660 to the City's Jobs-Housing Linkage Program<sup>1</sup>; \$549,000 to the Affordable Childcare Fund; \$1,098,000 to the Downtown Park Special Fund; artwork equal to at least 1 percent of the Project construction cost (approximately \$80,000,000); and \$2,745,000 as the Transportation Impact Development Fee. Exact fees would be calculated based on drawings submitted with the Building Permit Application. The Revised Project would also make employment,

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<sup>1</sup> Supervisor Ammiano's version of the Jobs-Housing Linkage Program was approved by the Board of Supervisors on Monday, February 12, 2001. This Program requires a fee of \$11.34 per square foot of new office space (for projects with more than 25,000 gsf of office).

transportation, and child-care brokerage services available to tenants of the building.

The Original Project would require approximately 190,000 square feet of Transferred Development Rights (TDRs), while the Revised Project with a proposed floor area ratio (F.A.R.) of approximately 16:1, would require approximately 240,000 square feet of Transferred Development Rights (TDRs).

The Revised Project is included within the scope of development analyzed in the Project's Final Environmental Impact Report ("FEIR"), which was certified by the Planning Commission on 10/12/00 per Case No. 1999.603E in Motion No. 16004.

*An addendum to the Environmental Impact Report certified that no supplemental environmental review is required for the Revised Project. This addendum concludes that the FEIR certified on October 12, 2000 remains valid. The addendum was signed by the Staff Environmental Review Officer on October 18, 2001.*

4. Environmental Review. A draft environmental impact report ("EIR") for the Original Project was published on July 15, 2000. A public hearing on the Draft EIR was held by the Planning Commission on August 17, 2000. On October 12, 2000, the Planning Commission certified the final EIR for the Original Project (Case 1999.603E and Motion No. 16004). The EIR identifies cumulative traffic impacts in the year 2015. Under these cumulative conditions, the level of service at five study intersections would degrade to level of service E or F. The Original Project would make a noticeable contribution to cumulative traffic growth at four of the intersections and would therefore be considered to have a significant cumulative impact on localized traffic congestion. Mitigation measures that are recommended for implementation by the Project Sponsor would reduce but not eliminate these impacts. Other measures recommended to alleviate the cumulative impacts at specific intersections are under the jurisdiction of the City's Department of Parking and Traffic and would eliminate significant cumulative traffic impacts at those intersections. The implementation of these measures is not assured, and they would not eliminate all significant cumulative impacts on traffic.

Pursuant to the California Environmental Quality Act ("CEQA") (California Public Resources Code Section 21081 and CEQA Guidelines 15093), in certifying the EIR, the Commission determined that the unavoidable negative impacts of the Original Project are acceptable because the economic, social, legal, technological and other benefits of the Original Project outweigh the negative impacts on the environment.

The certified EIR assumes a building 455 feet-high with 557,000 gross square feet of office space. The addition of 26½ feet to the building height as requested by the Project Sponsor of the Revised Project represents only a minor, technical change to the project description published in the EIR. Accordingly, on October 18, 2001,

the Department issued an addendum to the EIR pursuant to Title CEQA Guidelines Section 15164(a) and Section 31.35 of the Planning Code.

The addendum to the Environmental Impact Report certified that no supplemental environmental review is required for the Revised Project. This addendum concludes that the FEIR certified on October 12, 2000 remains valid. The addendum was signed by the Staff Environmental Review Officer on October 18, 2001.

5. Section 321 (b)(3) - Approval Criteria: In determining if the Project would promote the public welfare, convenience and necessity, the Commission has considered the seven criteria established by Section 321(b)(3) of the Planning Code and the application of those criteria under Annual Limit Rules adopted by the Commission on December 7, 2000 in Motion No. 16043, and finds as follows:

- 5.A. APPORTIONMENT OF OFFICE SPACE OVER THE COURSE OF THE APPROVAL PERIOD IN ORDER TO MAINTAIN A BALANCE BETWEEN ECONOMIC GROWTH ON THE ONE HAND, AND HOUSING, TRANSPORTATION AND PUBLIC SERVICES, ON THE OTHER.

*Per Section 321(c)(3) of the Planning Code, any office development that is modified for any reason loses its approved status on the list under the annual office limitation program. Therefore, modification of the previously-approved office development results in the rescission of the allocation of the 499,000 square feet of gross floor area of office use that was given to the project by Motion 16130 by the Planning Commission on April 5, 2001. Therefore, 777,000 square feet of office space is currently available for allocation to office buildings of more than 49,999 square feet of office space during this Approval Period, which ends October 16, 2002. If the Planning Commission approves the Project with up to 549,000 square feet of office space, there would be 228,000 square feet of office space available for allocation. On October 17, 2001 and on October 17 of each succeeding year, an additional 875,000 square feet of office space will become available for allocation to buildings of greater than 49,999 square feet of office space.*

*The Project would improve the balance between San Francisco's economic growth and its housing supply, by providing nearby affordable and market rate housing. The Project Sponsor would contribute to the affordable housing fund pursuant to Planning Code Section 313. In addition to this contribution to affordable housing, the Project Sponsor would dedicate 9,500 square feet of additional affordable housing at its proposed 201 Folsom residential project. The Project Sponsor is processing applications for development of approximately 800 units of housing at 201 Folsom Street, on the existing United States Postal Service parking lot. The 201*

*Folsom project is four blocks from the Project. These dedicated units associated with the Project would be in addition to the affordable units otherwise required as a part of the 201 Folsom project.*

*The Revised Project would not impede MUNI or overburden neighborhood parking. The Revised Project would continue to provide approximately 50 parking spaces, and the Revised Project site is well-served by public transportation. Thirty-nine (39) MUNI lines serve the immediate half-mile radius of the Revised Project.<sup>2</sup> Further, the Project Site is located approximately .21 mile from the BART Station on Market Street, approximately .31 mile from the Transbay Terminal, and .66 mile from the Ferry Terminal.*

*Though demand for office space at the end of 2001 has decreased somewhat relative to the past year<sup>3</sup>, objectives and policies of the General Plan are based on the City's long term needs and goals, not short-term real estate market cycles. Benefits to the City from the additional 50,000 gross square feet of office space now requested include; enhancement to the City's tax base, additional job creation, additional fees for transit, housing, etc and additional affordable housing dedication at the 201 Folsom Street location.*

The Commission finds that the allocation of square footage to the Revised Project would improve the balance between economic growth and housing production, and promote the public welfare, convenience and necessity.

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

5.B.1. General Plan Criteria

In assessing projects, the Planning Commission is required to consider the contribution of the office development to, and its effects on, the objectives and policies of the General Plan. The Commission considered the following factors, with respect to the

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2. The following MUNI lines are within a half-mile radius of the Revised Project site: F-Market, 5-Fulton, 9X, 9AX, 9BX-San Bruno, 12-Folsom 14, 14L, 14X-Mission, 15-Third, 30-Stockton, 38, 38L-Geary, 42-Downtown Loop, 45-Union-Stockton, 76-Marin Headlands, 8 1 X-Caltrain Express, 108-Yearba Buena Island, J-Church, K-Ingleside, L-Taraval, M-Ocean View, N-Judah, I-California, 2-Clement, 3-Jackson, 4-Sutter, 6Parnassus, 7-Haight, 9-San Bruno, 21-Hayes, 30X-Marina Express, 31-Balboa, 41-Union, 66-Quintara, 71Haight-Noriega, 80X-Gateway Express, 82X-Levi Plaza Express, 32 Embarcadero.

3. At the end of the third quarter of 2001, the direct vacancy rate in the "Financial District South" area was 8.0%. This rate covers all asset classes, meaning that the vacancy rate for "A" class buildings is likely to be lower. This figure is an average of of rates published by Cushman & Wakefield of California, Inc., Whitney Cressman limited, and Colliers Damner Pike.



effects of the development specific to its location:

- (A) Obstruction of significant public views
- (B) Creation of shadow
- (C) Creation of wind
- (D) Housing displacement/creation
- (E) Small business displacement
- (F) Loss of architectural and/or historical resources
- (G) Conflicts with transit, traffic or pedestrian movements
- (H) Impediment to freight loading

Project Rated EXCELLENT

The Commission rates the Revised Project EXCELLENT in its contribution to and effects on the objectives and policies of the General Plan. The Revised Project will make an outstanding contribution in advancing the objectives and policies of the Commerce and Industry Element and of the Downtown Area Plan of the General Plan, and has no significant conflicts with other objectives or policies.

There are no significant negative effects of the Revised Project specific to its location. The Revised Project does not obstruct any significant public views and does not create significant shadows or wind. There is no effect on housing, minimal small business displacement and no loss of architectural or historical resources. There are no traffic or transit conflicts because loading and parking are accessed via Minna Street:

The Revised Project would receive additional consideration under the current Rules adopted by the Planning commission because the Project Sponsor would dedicate 9,500 square feet of residential space in the planned 201 Folsom Street residential development to be affordable, in addition to payment of the Jobs-Housing Linkage Program Fee. This is consistent with Investment Allocation Priority 2 (the second highest priority rating out of three), established by the Mayor's Office of Housing.

The Project specifically advances the following objectives and policies of the General Plan, with respect to the effects of the development specific to its location: *(project specifics are in italics)*

5.B.1(A) Obstruction of significant public views

Objective 1, Policy 1 of the Urban Design element:

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

Policy 1            Recognize and protect major views in the  
city, with particular attention to those of open  
space and water.

*The Revised Project would significantly add to the image and orientation of this downtown neighborhood. The Project Site is located within the downtown core on the south side of Mission Street, between First Street and Second Street. There are no significant public views in this area that would be affected by the Project. "Public views" refers to views from public places such as parks and open spaces, views from private open spaces that are open to the public, and views from streets and sidewalks where topography or other local physical features create a significant view corridor.*

*The Project Site is located in an area that has been designated for high-density office development. The area surrounding the site is in transition from low-rise commercial uses to high-intensity office and residential uses. In light of the existing and approved high-rise towers in the vicinity, the Revised Project would not obstruct any significant public views.*

5.B.1(B)            Creation of Shadow

Objective 14, Policy 1, of the Downtown Plan:

CREATE AND MAINTAIN A COMFORTABLE PEDESTRIAN  
ENVIRONMENT

Policy 1            Promote building forms that would maximize  
the sun access to open spaces and other  
public areas.

*The Revised Project will not create any significant new shadows beyond that analyzed in conjunction with the Original Project<sup>4</sup>.*

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4. Note that the revised shadow analysis for the revised Project did not include projects located at 535 Mission Street and the Century Tower on Minna Street, which are approved but not yet constructed, as part of the existing environment.

*The Revised Project would not create any significant new shadows and is consistent with the General Plan. While some new shadows are unavoidable with high-rise buildings, high-density office projects are encouraged by the Planning Code in the C-3-O District. The proposed tower design is slender and would therefore cast only minimal new shadows. Furthermore, the Revised Project meets the standards set forth in Section 146(c), in that the new shadows would not be substantial and cannot be reduced without unduly restricting the development potential of the Project Site. The Revised Project would not cast any shadows on properties under the jurisdiction of the Recreation and Park Department, and is therefore in conformance with Planning Code Section 295.*

5.B.1(C)      Creation of Wind

Objective 14, Policy 2, of the Downtown Plan:

CREATE AND MAINTAIN A COMFORTABLE PEDESTRIAN ENVIRONMENT

Policy 2:      Promote building forms that will minimize the creation of surface winds near the base of buildings.

*The Revised Project will not create any significant new surface level wind currents beyond that analyzed in conjunction with the Original Project.*

*The Revised Project is consistent with the objectives of the General Plan in that it would not create any significant new surface level wind currents. A wind-tunnel analysis was performed to analyze the potential impacts the Revised Project. Existing wind conditions at the Revised Project site were examined, as were wind conditions with the Revised Project, and with the Revised Project plus cumulative development. Generally, in the case of the Revised Project with all cumulative development considered, wind levels increased from existing conditions, but exceedances of comfort levels decreased. The hazard wind criterion was not exceeded at any of the pedestrian or sitting measurement points. The Revised Project's open space plaza and its landscaping would also serve to reduce winds in the Revised Project area. The plaza would represent a break in the street wall along Mission Street and the landscaping elements such as trees and benches would act as wind*

*breaks within the plaza.*

5.B.1(D) Housing Displacement/Creation

Objective 7 of the Downtown Plan:

**EXPAND THE SUPPLY OF HOUSING IN AND ADJACENT TO DOWNTOWN**

*Although the Revised Project does not include any on-site housing, the Project would not displace any existing housing, and would create additional housing in furtherance of the objectives of the General Plan. The Project Sponsor would make a significant contribution to this General Plan objective by (1) payment of the required fee to the City's affordable housing fund under Planning Code Section 313, and (2) voluntarily providing additional affordable units within the Project Sponsor's proposed 201 Folsom Residential project. The additional units of affordable housing at 201 Folsom would be secured financially by the Project Sponsor.*

5.B.1(E) Small Business Displacement

Objective 5 of the Downtown Plan:

**RETAIN A DIVERSE BASE OF SUPPORT COMMERCIAL ACTIVITY IN AND NEAR DOWNTOWN**

Policy 1: Provide space for support commercial activities within the downtown and in adjacent areas.

*Approval of the Revised Project would not displace any small businesses, because all space in the six existing buildings is now vacant. According to the Project Sponsor's application, the last tenants either (1) found alternative space in the downtown area, or (2) received satisfactory relocation assistance.*

5.B.1(F) Loss of Architectural and/or Historical Resources

Objective 12 of the Downtown Plan:

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

*The Revised Project would not result in the loss of architectural and/or historic resources, and would promote the preservation of such resources by the purchase of TDR.*

*The Revised Project does not involve the demolition or alteration of any architecturally or historically significant building, as all six of the existing buildings on the Project site, which would be demolished as part of the Revised Project, are 'Category V' (unrated, non-contributory) buildings under Article 11 of the Planning Code. The Revised Project furthers preservation in the downtown area through the acquisition of approximately 240,000 square feet of TDR. The purchase of these TDR furthers preservation goals by making the historic buildings that are their source less likely to be altered or demolished.*

5.B.1(G) Conflicts with Transit, Traffic or Pedestrian Movements

Objective 20 of the Downtown Plan:

PROVIDE FOR THE EFFICIENT, CONVENIENT AND COMFORTABLE MOVEMENT OF PEOPLE AND GOODS, TRANSIT VEHICLES AND AUTOMOBILES WITHIN THE DOWNTOWN

*The Revised Project involves no parking changes from that proposed in conjunction with the Original Project. The Project Sponsor proposes to provide 150 parking spaces, with parking rates pursuant to Planning Code Section 155, which would discourage individuals employed within the new building from commuting to the site via automobile. Moreover, as shown in Exhibit B, access to the off-street parking and off-street loading area would be via Minna Street, which is not a major automobile or transit corridor.*

Objective 22 of the Downtown Plan:

IMPROVE THE DOWNTOWN PEDESTRIAN CIRCULATION SYSTEM, ESPECIALLY WITHIN THE CORE, TO PROVIDE FOR EFFICIENT, COMFORTABLE AND SAFE MOVEMENT.

*The Revised Project would improve the downtown pedestrian circulation system by 1) providing extra-deep loading space off of Minna Street to minimize truck and pedestrian conflicts, 2) adding interest to Minna Street with street trees and the non-profit assembly space, and 3)*

*constructing the open space plaza which would serve as a pedestrian thoroughway between Mission and Minna Streets.*

*The Revised Project would also promote the objectives of the Downtown Plan by encouraging greater reliance on mass transit as a means of access, through its close proximity to the Transbay Terminal, BART/Muni, ferry service and CalTrain.*

5.B.1(H)      Impediment to Freight Loading

Objective 21, Policy 2 of the Downtown Plan:

IMPROVE FACILITIES FOR FREIGHT DELIVERIES AND BUSINESS SERVICES.

Policy 2.      Discourage access to off-street freight loading and service vehicle facilities from transit preferential streets, or pedestrian oriented streets and alleys.

*The Revised Project would not create any impediment to freight loading. The Revised Project would provide a much deeper than required off-street loading area to minimize traffic obstructions on Minna Street. Three full size off-street freight-loading spaces, as well as six van-service spaces, would be accessible from Minna Street. Minna Street is thirty-five feet wide and can accommodate standard semi-size trucks. Minna Street is not a major automobile corridor or pedestrian way, and does not support public transit. Therefore, there would be minimal conflict between freight loading and transit or pedestrian movements.*

5.B.2. Other Applicable Objectives and Policies of the General Plan

The Revised Project is, on balance, consistent with and would not adversely affect the General Plan. The Revised Project would affirmatively promote numerous General Plan objectives and policies in addition to those discussed above, the most significant ones being the following:

5.B.2(A)      Downtown Area Plan

The Downtown Area Plan of the General Plan contains the following relevant objectives and policies:

## URBAN FORM

Objective 13: Create an urban form for downtown that enhances San Francisco's stature as one of the world's most visually attractive cities.

Policy 1: Relate the height of buildings to important attributes of the city pattern and to the height and character of existing and proposed development.

Policy 4: Maintain separation between buildings to preserve light and air and prevent excessive bulk.

Objective 16: Create and maintain attractive, interesting urban streetscapes.

Policy 4: Use designs and materials and include activities at the ground floor to create pedestrian interest.

*The Revised Project features quality architectural design and would make a significant contribution to the streetscape and skyline of downtown San Francisco. The Revised Project differs from the Original Project in that three additional floors increases the height of the structure by 26 ½ feet, resulting in a structure that will appear slightly taller and more slender. Otherwise, the salient design elements are similar to the Original Project. The Revised Project has been designed to relate well to existing and planned development in the area, and to maintain adequate separation between adjacent buildings, thereby furthering Objective 13, Policies 1 and 4. The new public plaza on the west side of the site ensures a significant separation between the Project and 101 Second Street, and the existing building at 545 Mission and Shaw alley provide sufficient separation between the Revised Project and the approved high-rise at 535 Mission. This separation preserves light and air along Mission Street, and prevents excessive massing and bulk along this block. The new public plaza open spaces would increase pedestrian benefit and interest in this mid-block area.*

## SPACE FOR COMMERCE

Objective 1: Manage economic growth and change to ensure enhancement of the total city living and working environment.

Policy 1: Encourage development which produces substantial net benefits and minimizes undesirable consequences. Discourage development which has substantial undesirable consequences which cannot be mitigated.

Objective 2: Maintain and improve San Francisco's position as a prime location for financial, administrative, corporate, and professional activity.

Policy 1: Encourage prime downtown office activities to grow as long as undesirable consequences of such growth can be controlled.

Policy 2: Guide location of office development to maintain a compact downtown core and minimize displacement of other uses.

Objective 3: Improve downtown San Francisco's position as the regions prime location for specialized retail trade.

Policy 5: Meet the convenience needs of daytime downtown workers.

*The economic environment in San Francisco has changed significantly over the past year. The City, the region, the nation, and the world are now in recession. The Project Sponser has interest in developing 555 Mission based upon long-term attractiveness and economic vitality of San Francisco.*

*The Revised Project would contribute 549,000 square feet of Class-A office space to the South Financial District/South of Market area without overburdening transit or displacing housing. The Revised Project is properly located in the compact downtown core and takes advantage of multiple modes of existing transit infrastructure to serve the new jobs created by the Revised Project. The new public plaza and ground floor retail space would help meet the convenience needs of downtown workers.*



## MOVING ABOUT

Objective 21: Improve facilities for freight deliveries and business services.

Policy 1: Provide off-street facilities for freight loading and service vehicles on the site of new buildings sufficient to meet the demands generated by the intended uses. Seek opportunities to create new off-street loading for existing buildings.

Policy 2: Discourage access to off-street freight loading and service vehicle facilities from transit preferential streets, or pedestrian-oriented streets and alleys.

Objective 22: Improve the downtown pedestrian circulation system, especially within the core, to provide for efficient, comfortable, and safe movement.

Policy 5: Improve the ambience of the pedestrian environment.

*By locating freight loading on Minna Street at the south side of the building, off the street, the Revised Project would improve loading facilities thereby furthering Objective 21, Policy 1 and 2.*

*The creation of the public plaza that connects Mission Street with Minna Street would improve downtown pedestrian circulation, furthering Objective 22, Policy 5.*

## OPEN SPACE

Objective 9: Provide quality open space in sufficient quantity and variety to meet the needs of downtown workers, residents, and visitors.

Policy 1: Require usable indoor and outdoor open space, accessible to the public, as part of new downtown development.

Policy 2: Provide different kinds of open space downtown.

- Policy 4: Provide a variety of seating arrangements in open spaces throughout downtown
- Objective 10: Assure that open spaces are accessible and usable.
- Policy 1: Develop an open space system that gives every person living and working downtown access to a sizable sunlit open space within convenient walking distance.
- Policy 3: Keep open space facilities available to the public.
- Policy 4: Provide open space that is clearly visible and easily reached from the street or pedestrian way.
- Policy 5: Address the need for human comfort in the design of open space by minimizing wind and maximizing sunshine.

*The Revised Project's public plaza would feature an original sculpture by Frank Stella that would make this public open space one of the preeminent public art locations in San Francisco. The Revised Project's public plaza would promote each of these objectives and policies. The plaza's large size, easy access off of Mission Street and Minna Street, variety of seating arrangements would make the open space plaza an important resource for downtown visitors and workers. The new plaza adds a significant amount of new open space to this area's growing pedestrian and open space network.*

5.B.2(B) Commerce and Industry Element

The Commerce and Industry Element of the General Plan contains the following relevant objectives and policies:

GENERAL/CITYWIDE

- Objective 1: Manage economic growth and change to ensure enhancement of the total city living and working environment.
- Policy 1: Encourage development which provides substantial net benefits and minimizes

undesirable consequences. Discourage development which has substantial undesirable consequences that cannot be mitigated.

Objective 2: Maintain and enhance a sound and diverse economic base and fiscal structure for the city.

Policy 1: Seek to retain existing commercial and industrial activity and to attract new such activity to the city.

*Though demand for office space at the end of 2001 has decreased somewhat relative to the past year, objectives and policies of the General Plan are based on the City's long term needs and goals, not short-term real estate market cycles. Benefits to the City from the additional 50,000 gross square feet of office space now requested include; enhancement to the City's tax base, additional job creation, additional fees for transit, housing, etc and additional affordable housing dedication at the 201 Folsom Street location.*

*The Revised Project's contribution of 549,000 gross square feet of Class-A office space in the Financial District would help meet the increasing demand of those tenants who require efficient floor plates to meet their space needs without overburdening transit or displacing housing.*

*The Project Site would expand the supply of desirable and needed space that is required by large tenants who otherwise may relocate to other Bay Area markets to satisfy their space needs.*

5.B.2(C) Urban Design Element

The Urban Design Element of the General Plan contains the following relevant objectives and policies:

Objective 1: Emphasis of the characteristic pattern which gives to the city and its neighborhoods an image, a sense of purpose, and a means of orientation.

Policy 3: Recognize that buildings, when seen together, produce a total effect that characterizes the city and its districts.

Objective 3: Moderation of major new development to complement the city pattern, the resources to be conserved, and the neighborhood environment.

Policy 1: Promote harmony in the visual relationships and transitions between new and older buildings.

Policy 3: Promote efforts to achieve high quality of design for buildings to be constructed at prominent locations.

*The Project Sponsor recognizes that buildings, when seen together, produce a total effect that characterizes the City and its districts. The Revised Project's height, scale and visual characteristics harmonize with and emphasize characteristic elements of the downtown core, thereby furthering Objective 1, Policy 3, and Objective 3, Policy 1 and 3."*

#### 5.C. THE QUALITY OF THE DESIGN OF THE PROPOSED OFFICE DEVELOPMENT

The Planning Commission considered the quality of the design of the proposed office development in three separate components: (1) design quality of the building, (2) design quality of the open space, and (3) quality of the art concept.

These considerations are made in addition to the evaluation of all other criteria. Each development project will be analyzed with respect to these three components and ratings assigned according to the definitions below. For projects outside of the C-3 Districts, consideration will be given to those projects that provide public art and open space versus those projects that do not. These considerations are not intended to imply a preference for those projects outside the C-3 Districts versus those in the C-3 Districts. In evaluating the quality of design of projects which are not required by the Planning Code to provide public art or open space, additional consideration will be given to any such project which provides art and/or public open space in comparison to any other such project.

##### 5.C.1. Design Quality of the Building

*The Commission rates the Revised Project GOOD/EXCELLENT in this category. The Revised Project possesses well-designed detailing in that the exterior of the building is clad in an intricate, well-detailed mix of glass curtain wall systems. The overall effect is a building that appears light and airy, with high-quality materials. The Revised Project includes a high quality design that would make an excellent contribution to the San Francisco skyline and would add to the downtown core of architecturally significant buildings.*

*At the upper levels of the tower, setbacks maximize light and air between buildings, and emphasize graceful building form. The building's exterior would be constructed of very light visual elements to further the impression of a light and airy structure. The glass would be a combination of clear and patterned pieces that together produce a rich, open look. The curtain wall mullion system would accentuate the tower's verticality. The interlocking building volumes would be wrapped with subtly different curtain wall patterns to enrich the overall form of the building.*

The ground level entry would be transparent and inviting. This transparency would enhance the sense of public openness of the Revised Project, and would integrate the ground floor with the public plaza so that they flow together.

The top of the building would be visible from many vantage points. The Revised Project received GOOD on this aspect of the building design because the top of the building as currently proposed needs refinement in order to make a dramatic impact both during the day and when illuminated at night. Condition of Approval 3.A. in the Section 309 Motion (Case No. 2001.0798BX) requires the Revised Project Sponsor to continue to work with the Department on this aspect of the building design.

The Revised Project contains a building envelope proposed with 549,000 square feet of office space, including the design modifications shown on the Exhibit B plans, help to make the tower appear more slender. Condition of Approval No. 3.A. in the Section 309 Motion (Case No. 2001.0798BX) requires the Project Sponsor to continue to work with the Department on this aspect of the building design.

#### 5.C.2. Design Quality of the Open Space

The Commission rates the Project EXCELLENT in this category. The open space for this project would be a most desirable addition to the city's open space. The open space consists of an 11,140 square foot plaza on the west side of the building, and meets all the guidelines for downtown open space.

The Revised Project's open space design represents an outstanding contribution to the available public open space in the downtown area. From Mission Street, the plaza engages pedestrians with its wide opening, street trees, and public sculpture. The plaza also functions as a pedestrian thoroughway to Minna Street, with the alignment of benches and transparent light columns defining a passage to Minna Street. At the south end of the plaza, a locust tree grove provides shade for the generous seating area under its canopy.

The open space is designed as an extension of the building lobby, and therefore creates a unique connection between the building and the new public plaza. The plaza's paving pattern begins in the lobby and extends westward to a raised seating area. A gentle ramp and steps access this raised area, and also provide additional seating for visitors and employees. Atop the raised area, three seating pockets are articulated by an array of tall stainless steel light columns that emerge from planting beds. The columns catch the movement of seasonal winds, and in the evening emit a soft fiber-optic light at the top. The seating areas are paved with glass blocks and lit from below. A topiary wall lines this side of the plaza, planted with vines that remain green throughout the year. The plaza is easily accessible and comfortable, providing a variety of experiences.

#### 5.C.3. Quality of the Art Concept

The Commission considered the following criteria in reviewing the Revised Project's art concept: (1) whether the art is located where public benefit and enjoyment is maximized, (2) whether its placement is appropriate to the scale and nature of the artwork being considered and (3) whether it is likely that the artwork, assuming it has intrinsic artistic value, would complement and enhance the architecture and/or the spaces in which it is located.

The Commission rates the Revised Project EXCELLENT in this category. The project sponsor would purchase or commission a sculpture by Frank Stella, to be located on the Mission Street side of the project's open space plaza. This large-scale sculpture is well placed on the site and is successfully integrated with its surroundings. The artwork would be highly visible and accessible and would make an outstanding contribution to the site's public plaza. Additional artwork is proposed for the building's lobby."

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

The Planning Commission is required to consider the suitability of the Project in relation to its location. The analysis consists of two parts: (1) the suitability of the development for its location and (2) the effects of the development specific to its location.

5.D.1. Suitability for Location.

5.D.1(A) Use: The Commission rates the Revised Project EXCELLENT in this category. The Revised Project is within the downtown core, which both the Planning Code and General Plan have designated as the primary location for high-density office use. The location is also highly suitable because of its close proximity to public transit. The Revised Project is located in the C-3-O District, and in 500-S and 550-S Height and Bulk Districts, which are specifically designed for buildings of this type.

5.D.1(B) Transit Accessibility: The Commission rates the Revised Project EXCELLENT in this category. The Revised Project is within easy walking distance (defined as ¼ mi.) to regional transit carriers and many Muni lines. The Revised Project is just one-half block west of the Transbay Terminal, one block south of the Montgomery Street BART / Muni Metro station, and is well-served by Muni bus lines on surrounding streets. At the Transbay Terminal, the following Muni bus lines are available (among others): 5-Fulton, 12-Folsom; 38-Geary (including 38-L Geary Limited); 42-Downtown Loop; and F-Market. Golden Gate Transit and AC Transit also use the Transbay Terminal as a San Francisco hub. A SamTrans stop is located on Mission Street east of First Street and west of Second Street. Muni bus service along Mission Street includes the 14-Mission downtown trunk line, the 14-L Mission limited stop service, and the 14-X Mission express service. Northbound service on the 12 and 42 bus lines is available on Fremont Street, one and one-half blocks east of the Revised Project site. The 15-Third Street line operates on Second Street, one block east of the site.

5.D.1(C) Open Space Accessibility: The Commission rates the Revised Project EXCELLENT in this category. Existing open space in the area is sufficient to accommodate existing and new demand, and the Revised Project would provide new open space in excess of demand.

Recent development in the area surrounding the Revised Project site has established an informal checkerboard arrangement of new open spaces between buildings. This pattern has created several mid-block pedestrian corridors between Market, Mission and

Howard Streets, has expanded light and view opportunities at street level, and has successfully provided ample new public space for downtown workers, residents and visitors. In the immediate vicinity, existing open space includes: outdoor food-service seating at 595 Market (at the corner of Second and Market), an outdoor garden between 555 Market and 575 Market, a pedestrian passage and seating area underneath 79 Stevenson, and an indoor seating area within the new public lobby of 101 Second (next door to the Revised Project site). Open space under construction includes an atrium and plaza at 55 Second Street, as well as an outdoor seating and garden area at 560 Mission Street (just across the street from the Revised Project site). Nearby, planned open space (approved but not built) includes a pedestrian thoroughway between Minna and Natoma Streets as part of the residential Century project (just behind the Revised Project site). The Revised Project would provide a key link in this developing pedestrian network.

5.D.1(D) Urban Design: The Commission rates the Revised Project EXCELLENT in this category. The Revised Project results in a slightly taller structure, but the overall design of the building remains unchanged. The siting of the Revised Project extends the checkerboard pattern of buildings and open space in the area, enhancing the pedestrian network and streetscape in this area. The height, massing and visual texture of the building relate to adjacent structures, contributing in significant ways to a positive contextual relationship. The overall form of the building fits into the skyline. The Commission has reviewed each of the following five factors in its consideration of the Revised Project's urban design qualities:

Coherence: The Revised Project makes an excellent contribution to a visually coherent streetscape.

The siting of the Revised Project has resulted from a careful evaluation of the Transbay Terminal area. The concept that evolved extends the checkerboard pattern of buildings in the area, and would maximize light, air and open space. The placement of the Revised Project on the site would enhance pedestrian movement and flow within the large blocks south of Market Street.

Spatial Definition: The Revised Project's design makes an excellent contribution to proportioned and defined street space for pedestrians.

The siting of the building on the east side of its site maximizes the setback from tall neighboring structures. The setback at the base is made more effective by the careful



shaping of the lower building volume directly over the lobby area. This shaping would create an interesting terrace space above the base, and a clearly defined, appropriately scaled streetscape below.

The ground level design opens up to its surrounding context to create an exciting public space. The lobby and open space would promote pedestrian activity. The gathering of people for lunch or breaks in the plaza would be enhanced through the installation of well-designed benches, planting, lighting and art. SPUR's public meeting space would also be located directly off the plaza.

Scale: The Revised Project's massing and design detail create a comprehensible building size in relation to adjacent scale of structures.

The building design achieves a balance between newer tall structures in the area and remaining structures that have a smaller scale. The tower's overall height and volumetric composition relate well to neighboring 101 Second Street, 560 Mission Street (under construction across the street), and 535 Mission Street (approved, just across Shaw Alley), while providing a continuity to the overall shape of downtown as it scales down to the south of Market Street. At the same time, the building's base design terminates the lower tower with a five- and six-story volume that provides a pedestrian scale, and relates well to the remaining structures next door (545 Mission Street) and across the street at Golden Gate University.

Context for Preservation: The Revised Project provides a supportive context for noteworthy buildings in the area.

This block of Mission Street has changed from a mix of fairly unassuming, nondescript commercial buildings to a composition of modern high-rises. The only remaining pre-1980s structure on the south side of Mission Street would be 545 Mission Street, a small five-story unrated brick office building. The base of the Revised Project is consistent with the scale and form of earlier structures along the block, and would relate well to older buildings in the vicinity.

Composition in Cityscape: The Revised Project fits into the skyline with grace and harmony.

The Revised Project's tower design makes a positive

contribution to the overall context of downtown, and provides an element of continuity as the downtown skyline scales down to the south and west. The tower's slender massing would provide views of the City between buildings, while its top would, especially with further refinements required in the conditions of approval, provide a well-defined termination to the skyline during both day and night.

5.D.1(E) Seismic Safety: The Commission rates the Revised Project EXCELLENT in this category. There is no potential ground failure and intensity of future ground shaking would be weak and/or almost all buildings in the general area meet contemporary earthquake standards.

The site is within the Seismic Hazards Zone, as defined by the California Division of Mines and Geology, adopted by the City and County of San Francisco April 7, 1997. During a major earthquake on a segment of one of the nearby faults, strong to very strong ground shaking is expected to occur at the Revised Project site. Most of the sands encountered in borings on the site have sufficient cohesion or are dense enough to resist liquefaction, and the possibility of minor liquefaction- or seismically-induced settlement has been factored into the design of the structural foundation and basement slab.

The Revised Project's structural steel design is based on the 1997 edition of the Uniform Building Code, and would resist seismic loads through combined action of its laterally braced frame and individual moment connections. All neighboring structures have been designed to meet or exceed the current seismic standards of applicable building codes, or are subject to the seismic upgrade provisions of the City's Unreinforced Masonry Building ordinance.

5.D.2. Project Effects Specific to its Location.

As discussed above in Section B., the Commission finds that the Project will have no adverse effects as a result of its location:

5.E. THE ANTICIPATED USES OF THE PROPOSED OFFICE DEVELOPMENT IN LIGHT OF EMPLOYMENT OPPORTUNITIES TO BE PROVIDED, NEEDS OF EXISTING BUSINESSES, AND THE AVAILABLE SUPPLY OF SPACE SUITABLE FOR SUCH ANTICIPATED USES.

5.E.1. Anticipated Employment Opportunities

The Commission rates the Revised Project GOOD in this category. The Revised Project would make a significant contribution to the employment of women, minorities and San Francisco residents by its participation in San Francisco's First Source Hiring Program ("FSHP"). During construction period, approximately \$27,000,000 in construction related wages would be produced and up to 800 construction-related jobs would be created. Available entry-level construction jobs would be processed through the FSHP and will benefit economically disadvantaged persons. Upon the completion of construction, the Revised Project would be occupied by one or more tenants that would create up to 2,000 additional new jobs. Available entry-level jobs offered by these businesses must be processed through the FSHP and would benefit economically disadvantaged persons. Because of its magnitude, and the large number of total jobs created (800 construction jobs, 2,000 permanent jobs) the Revised Project has the potential to make a significant contribution to the employment of minorities, women and San Francisco residents.

In addition, the Revised Project would comply with the City's First Source Hiring Program and the requirements of Planning Code Section 164.

#### 5.E.2. Needs of Existing Businesses

The Commission rates the Revised Project GOOD/EXCELLENT in this category. There is substantial evidence of existing business interest in the project and anticipated employment would make an outstanding contribution to diversification of the City's employment base.

The economic environment in San Francisco has changed significantly over the past year. The City, the region, the nation, and the world are now in recession. The Project Sponsor has interest in developing 555 Mission based upon long-term attractiveness and economic vitality of San Francisco. Likewise, the objectives and policies of the City's General Plan are based on the City's long-term needs and goals, not short-term real estate market cycles.

At the end of the third quarter of 2001, the direct vacancy rate in the "Financial District South" area was 8.0%. This rate covers all asset classes, meaning that the vacancy rate for "A" class buildings is likely to be lower.<sup>5</sup> Traditional downtown tenants and strong technology companies will continue to seek high-quality, contiguous

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5. This figure is an average of rates published by Cushman & Wakefield of California, Inc., Whitney Cressman limited, and Colliers Damner Pike.

space. The Revised Project would provide a significant supply of new office space downtown, and would thereby help attract and maintain a diverse employment base in the City. In addition, the Revised Project would make 5,900 square feet of space available to SPUR, a non-profit organization, at below market rents, making a further contribution to diversification of the city's employment base.

5.E.3. The Available Supply of Space Suitable for the Anticipated Uses

The Commission rates the Revised Project EXCELLENT in this category. The Revised Project would provide space that significantly contributes towards meeting the demand for space suitable for anticipated uses and the anticipated uses within the project would make an outstanding contribution to strengthening the City's role as a business center.

The Revised Project's downtown location, amenities, floor plate sizes and efficiencies would make it highly attractive to technology, financial service and professional firms alike.

5.E.4. Debt and Equity Financing

Under the rules for the Office Development Annual Limitation Program, the Planning Department asks that the project sponsor provide evidence of its ability to arrange sufficient debt and equity financing to proceed with construction of the project. TSP is one of the leading property development companies in the world. The company has completed approximately 36 million square feet of acquisitions and development and has created a permanent portfolio recently valued at approximately \$10 billion. Tishman Speyer's experience includes a broad range of building types, although high quality office buildings are the company's primary specialty.

Tishman Speyer has made a significant investment in the future of San Francisco. In addition to 555 Mission Street, the company is also developing 201 Folsom Street – a planned 800-unit high rise residential project, with an estimated cost of over \$300 million – and has recently acquired, and is now redeveloping, the 750,000 square foot Market Center (formerly known as the Chevron complex, on Market Street), with a project investment over \$200 million.

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

The Revised Project presents an opportunity for large employers planning a new move to San Francisco, or for major existing employers looking to

consolidate their operations in the City. There is therefore potential that the Revised Project would be occupied by a single tenant.

5.G. THE USE, IF ANY, OF TDR BY THE PROJECT SPONSOR

The Revised Project would require approximately 240,000 square feet of TDRs.

6. Jobs-Housing Linkage Fee Program (Section 313): The Revised Project would contribute \$11.34 for every gross square foot of net new office space to the Office Affordable Housing Production Program. Based on the net addition of up to 549,000 gross square feet of office space, the Project will pay an in-lieu fee of \$6,225,660. The exact fee will be determined based on drawings submitted with the Building Permit Application.
7. Transit Impact Development Fee: The Project Sponsor would pay the Transit Impact Development Fee as required by Chapter 38 of the Administrative Code to provide capital funding for Muni. Based on a net addition of up to 549,000 gross square feet of office space at the current rate of \$5.00 per square foot the Revised Project would pay \$2,745,000. The exact fee would be determined based on drawings submitted with the Building Permit Application.
8. Downtown Park Special Fund Fee: The Project Sponsor would pay the Downtown Park Fee as required by Section 139 of the Planning Code. Based on a net addition of 549,000 gross square feet of office space at the current rate of \$1.00 per square foot the Revised Project would pay \$549,000. The exact fee will be determined based on drawings submitted with the Building Permit Application.
9. Section 101.1 Priority Policy Findings: Section 101.1 of the Planning Code requires consistency with the eight priority policies listed therein. The Project is consistent with the eight policies in the following ways.
  - 9.A. THAT EXISTING NEIGHBORHOOD-SERVING RETAIL USES BE PRESERVED AND ENHANCED AND FUTURE OPPORTUNITIES FOR RESIDENT EMPLOYMENT IN AND OWNERSHIP OF SUCH BUSINESSES ENHANCED.

The Revised Project site is currently vacant, and therefore there is no opportunity to preserve neighborhood serving retail uses.

The Revised Project is located within a C-3-O Zoning District. C-3-O Districts play a "leading national role in finance, corporate headquarters...consists primarily of high-quality office development" (Planning Code Section 210.3). While this Priority Policy does not directly apply to the Revised Project, the retail uses proposed as part of the Revised Project could provide opportunities for resident employment in and ownership of such businesses.

- 9.B. THAT EXISTING HOUSING AND NEIGHBORHOOD CHARACTER BE CONSERVED AND PROTECTED IN ORDER TO PRESERVE THE CULTURAL AND ECONOMIC DIVERSITY OF OUR NEIGHBORHOOD.

No housing exists at the Project Site and, therefore, the Revised Project would have no impact on existing housing. The Revised Project is located in a C-3-O District. The downtown core is characterized by high-rise office buildings and other large and midsize commercial buildings. Existing and proposed residential projects are typically high-rise buildings such as the proposed Century project that would be across Minna Street from the Revised Project. The area is a densely developed urban area that is well served by public transit. The Revised Project is consistent with and contributes to the character of the downtown area.

- 9.C. THAT THE CITY'S SUPPLY OF AFFORDABLE HOUSING BE PRESERVED AND ENHANCED.

No residential buildings or units would be removed as a result of the Revised Project. The Revised Project would significantly enhance the City's supply of affordable housing in two ways:

In Lieu Payment. The Revised Project would comply with Planning Code Section 313 et seq. and the Jobs-Housing Linkage Program, which would result in an in-lieu payment of approximately \$6.23 million.

Creation of Affordable Housing Units. The Project Sponsor would dedicate 9,500 gross square feet that the Project Sponsor is developing in its 201 Folsom Street project as additional affordable housing units. These units would be in addition to affordable units required by the 201 Folsom project. See Condition of Approval 4.A. in the Section 321 Motion (2001.0798B).

- 9.D. THAT COMMUTER TRAFFIC NOT IMPEDE MUNI TRANSIT SERVICE OR OVERBURDEN OUR STREETS OR NEIGHBORHOOD PARKING.

The amount of commuter traffic generated by the Revised Project would not impede Muni transit service or overburden streets or neighborhood parking. The Revised Project is located within the downtown core, and has excellent accessibility to local and regional public transit. It is just one-half block west of the Transbay Terminal, one block south of the Montgomery Street BART/Muni Metro station, and is well-served by Muni bus lines on surrounding streets. Occupants of the new building would be encouraged to utilize such transit.

The Revised Project would provide only 150 parking spaces, which would discourage individuals employed within the new building from commuting to the site via automobile. Access to the proposed off-street parking and off-street loading would be via Minna Street, which is not used by Muni.

- 9.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.

This Project is located in a C-3-O District. The Planning Code explicitly encourages office development in this District. Section 210.3 states: "C-3-O District: Downtown Office: This district, playing a leading national role in finance, corporate headquarters...consists primarily of high-quality office development. The intensity of building development is the greatest in the City...with inappropriate uses excluded in order to conserve the supply of land in the core and its expansion areas for further development of major office buildings." The Revised Project would increase the diversity of San Francisco's economic base would by creating high density office use and 2,000 jobs within the downtown core. The Revised Project is not located in an Industrial Protection Zone. The buildings on the Revised Project site are vacant. The buildings were last occupied by office and retail uses. There would be no displacement of any industrial use by the Revised Project.

- 9.F. THAT THE CITY ACHIEVE THE GREATEST POSSIBLE PREPAREDNESS TO PROTECT AGAINST INJURY AND LOSS OF LIFE IN AN EARTHQUAKE.

The Revised Project would be constructed to conform to the structural and seismic requirements of the San Francisco Building Code. The tower's structural steel design is based on the 1997 edition of the Uniform Building Code, and would resist seismic loads through combined action of its laterally braced frame and individual moment connections.

The Revised Project's foundation has been designed using ground motion criteria consistent with the definitions of the Design Basis Earthquake (DBE) and Maximum Capable Earthquake (MCE) in the 1998 version of the San Francisco Building Code. The building would be supported on a deep pile foundation (commonly used in the Bay Area) that extends to a dense sand layer, some 80 to 90 feet below street level. As part of a foundation system, the piles would resist lateral loads in combination with subsurface pile caps and grade beams.

While the Project Site is in a Seismic Hazards Zone (California Division of Mines and Geology, adopted by the City and County of San Francisco April 7, 1997), the immediate soil conditions would not contribute to any unusual seismic hazards for the Revised Project. During a major earthquake on a segment of one of the nearby faults, strong to very strong ground shaking is expected to occur at the Project Site. However, most of the sands encountered in borings on the site have sufficient cohesion or are dense enough to resist liquefaction, and the possibility of minor liquefaction- or

seismically induced settlement has been factored into the design of the structural foundation and basement slab.

In order to increase the Revised Project's earthquake preparedness, the Project Sponsor would develop an evacuation emergency response plan to provide for building occupants in the event of an emergency and ensure coordination with the City's emergency planning activities.

9.G. THAT LANDMARKS AND HISTORIC BUILDINGS BE PRESERVED.

The Revised Project does not involve the demolition or alteration of any historically significant building. All of the existing buildings on the site, which would be demolished as part of the Revised Project, are "Category v" (unrated, non-contributory) buildings under Article 11 of the Planning Code. The Revised Project, through the purchase of TDRs, furthers preservation of existing buildings in the downtown area. The Revised Project would require approximately 240,000 square feet of TDR. The purchase of these TDR further preservation goals by making the historic buildings that are the source of the TDR less likely to be altered or demolished. By using a significant amount of TDR, the Revised Project is directly contributing to the preservation of historic buildings in San Francisco.

9.H. THAT OUR PARKS AND OPEN SPACE AND THEIR ACCESS TO SUNLIGHT AND VISTAS BE PROTECTED FROM DEVELOPMENT.

The Revised Project would not substantially shadow any publicly accessible open spaces. No new shadows would be cast on any park or open space within meaning of this policy. The Revised Project would cast some new shadows on privately owned, publicly accessible open space. However, that private open space is not within the meaning of this priority policy. No park vistas would be affected by the Revised Project.

10. EIR Alternatives Rejected

The following Project Alternatives to the Revised Project described in the FEIR, which would reduce or avoid significant unmitigated cumulative impacts and which are not included as part of the Revised Project, are infeasible for the reasons set forth below.

Alternative A – No Project Alternative. The No-Project Alternative would entail no change to the site. The proposed project would not be built. Buildings on the project site would not be demolished and none of the existing architectural features would be altered. All unreinforced masonry buildings (UMBs) on the site would be demolished, retrofitted, or vacated by year 2004. This alternative would not preclude future proposals for redevelopment of the project site.



Alternative A is infeasible because: (a) it conflicts with the objectives of the Planning Code, General Plan, and Downtown Plan, the C-3-O Districts play a leading national role in finance, corporate headquarters and service industries, and serve as a service and employment center for the region; (b) it would fail to provide both construction and permanent job opportunities in the Project, (c) it would use only a small percentage of the potential space at the site in furtherance of the goals and objectives of the Downtown Plan, (d) it would not provide for quality office space in a well designed building, (e) it would not provide ground level usable open space, and (f) it would not meet any of the Project Sponsor's objectives.

Alternative B – No Exception Alternative. The No Exception Alternative would include all of the same land uses as the proposed project. Alternative B would include demolition of the existing buildings on the project site. This alternative includes development at the base FAR of 9:1 plus Transferable Development Rights for an FAR of 16.84:1, and development of parking as an accessory use (a maximum of 7% of gross floor area). In this alternative, development on the Project Site would include a total of about 557,000 sq. ft. of office space, similar to the proposed project. Alternative B would be 38 stories tall, plus a mechanical penthouse, and would be 517 feet high. The proposed project would be 31 stories and 455 feet tall. Alternative B would meet Planning Code Section 270 requirements for maximum and average floor size, maximum diagonal measurement, and maximum length for the building base, lower tower, and upper tower. The 500-foot height plus 17-foot penthouse would meet the 550-foot height district for that portion of the site. With this alternative, no exceptions from the Planning Code would be needed for building bulk.

Alternative B would be infeasible because (a) it would not allow for a significant ground level open space on the project site, thereby missing an opportunity to greatly further the Downtown Plan's Open Space goals of creating substantial ground level open spaces in the downtown area, (b) it would not provide the pedestrian throughway between Mission Street and Minna Street, and (c) it would decrease the separation between the project and 101 Second Street, and fail to take advantage of the tower separation created by Shaw alley to the east of the project site.

Alternative C – Reduced Parking. The Reduced Parking Alternative would include all of the same land uses as the proposed project. Alternative C would include demolition of the existing buildings on the project site. The Reduced Parking Alternative would be similar to the project, except for the reduction in parking to one level of underground parking (70 parking spaces total). Similar to the Revised Project, Alternative C includes development at the base FAR of 9:1 plus Transferable Development Rights for an FAR of 16.4:1, development on the project site would include a total of about 557,000 sq. ft. of office space.

Alternative C would be infeasible because (a) it would increase the unmet parking demand in the area, (b) it would fail to provide sufficient short-term or rideshare

parking, in furtherance of the Downtown Plan and Planning Code policies which encourage the use of carpools and vanpools, and (c) it would not significantly reduce the cumulative impacts on traffic and transit as compared to the proposed Project, and specifically not change the cumulative 2015 intersection levels of service.

3. CEQA Findings

A. The Final Environmental Impact Report identifies cumulative traffic impacts in the year 2015. Under these cumulative conditions, the level of service at five study intersections would degrade to level of service E or F. The Revised Project would make a noticeable contribution to cumulative traffic growth at four of the intersections and would therefore be considered to have a significant cumulative impact on localized traffic congestion. Mitigation measures that are recommended for implementation by the Project Sponsor and the San Francisco Department of Parking and Traffic would reduce, but not eliminate, these impacts.

B.

C. Pursuant to the California Environmental Quality Act ("CEQA:") (Public Resources Code Section 21081 and CEQA Guidelines 15093), in approving the Revised Project, the Commission has balanced the benefits of implementing the Project against its unavoidable environmental potential effects. After balancing these issues, the Commission has determined that the unavoidable effects of the Revised Project are acceptable because of the following specific economic, social, legal, technological and other benefits of the Project outweigh the potential significant effects on the environment:

11.A. The Revised Project is located in the downtown core, immediately adjacent to or within a short walk to local and regional public transit. The urban infrastructure necessary for high-density office use is already exists in this area. Both the Planning Code and General Plan identify this downtown area as the primary location for high-density office space in San Francisco.

11.B. The Revised Project furthers the objectives of the Downtown Area Plan by developing much needed and desirable space that complements the Downtown and strengthen the Financial District as a compact core for professional offices as well as support the economic needs of the City.

11.C. The Revised Project's design will make an outstanding contribution to San Francisco's skyline. The open and transparent quality of the tower will compliment nearby buildings while the stepped form recalls the best of earlier San Francisco towers.

11.D. The Revised Project will increase the availability of affordable housing in San Francisco, over and above the required in-lieu housing fees. The Revised Project will provide additional floor area for affordable housing in its 201 Folsom Street residential project downtown.

- 11.E. The Revised Project's large public plaza component will be an outstanding addition to the available downtown open space that will serve as a pleasant gathering place for downtown workers and residents, as well as a convenient mid-block pedestrian throughway between Mission and Minna Streets.
  - 11.F. The Revised Project is consistent with and promotes the objectives and policies of the General Plan.
  - 11.G. The Revised Project will encourage the use of alternate means of transportation for project employees by provision of significant amounts of secure bicycle parking, locker and shower facilities for those who bicycle to work;
  - 11.H. The Revised Project will bring up to 2,000 permanent additional high-skilled jobs to San Francisco, and thereby provide greater opportunities for local employment.
  - 11.I. The Revised Project will contribute to total property, payrolls, sales, gross receipts, parking and utility tax revenues to the City and contributions to the Affordable Housing Fund, and the Transit Impact Development Fee and the provision of public artwork;
  - 11.J. The Revised Project supports nonprofit organizations by providing below-market, long-term space in the Revised Project for the San Francisco Planning and Urban Research Association ("SPUR").
12. Promotion of the Public Welfare, Convenience and Necessity. The Commission finds that granting the Project Authorization in this case will particularly promote the public welfare, convenience and necessity for the reasons set forth above.

### DECISION

Therefore, the Commission, after carefully balancing the competing public and private interests, and after considering the criteria of Planning Code Sections 321 and 322, as further developed in the Annual Office Development Limit Rules for 2000-2001, hereby grants Project Authorization for 549,000 gross square feet of new office space for the project to be located at 555 Mission Street, subject to the conditions attached hereto as Exhibit A.

I hereby certify that the foregoing Motion was **APPROVED** by the Planning Commission at its regular meeting on December 13, 2001.

Linda Avery

PLANNING COMMISSION  
Heard on December 13, 2001

Case No. 2001.0798BX  
555 Mission Street  
Assessor's Block 3721  
Lots 69, 70, 78, 79, 80 and 81  
Motion No. 16302  
Page 35

Commission Secretary

AYES: Commissioners: Theoharis, Chinchilla, Fay, Joe, Lim, Salinas  
NOES: None  
ABSENT: Commissioner: Baltimore  
ADOPTED: December 13, 2001

**EXHIBIT A**  
**CONDITIONS OF APPROVAL**

Wherever "Project Sponsor" is used in the following conditions, the conditions shall also bind any successor to the Project or other persons having an interest in the Project or underlying property.

This approval, under the 2001-2002 Annual Office Development Limitation Program, is for a proposed project located at 555 Mission Street that would construct 549,000 gross square feet of new office space pursuant to Planning Code Sections 321 and 322 on Assessor's Block 3721, Lots 69, 70, 78, 79, 80 and 81 in a C-3-O (Downtown, Office) District and within 500-S and 550-S Height and Bulk Districts, in general conformance with the plans dated August 30, 2001 and marked "Exhibit B." The proposed project would demolish the existing buildings on the site and construct an approximately 481.5-foot tall building with approximately (but not more than) 549,000 square feet of gross floor area office space, approximately 4,000 square feet of ground floor retail space, 2,200 square feet of ground floor assembly space, approximately 11,140 square feet of public open space, and a two-story below grade parking garage with 150 valet-style automobile spaces and 6 van-size loading spaces, accessible via ramps off of Minna Street. Three full-size loading spaces would be accessible directly from Minna Street.

1. **GENERAL CONDITIONS.**

A. Compliance with Other Requirements

This decision conveys no right to construct, or to receive a building permit. The Project Sponsor must obtain a project approval under Section 309, and satisfy all the conditions thereof, including mitigation measures addressing environmental impacts. The conditions set forth below are additional conditions required in connection with the Project. If these conditions overlap with any other requirement imposed on the Project, the more restrictive or protective condition or requirement, as determined by the Zoning Administrator, shall apply.

B. Mitigation Measures

The Project shall be subject to, and the Project Sponsor shall implement and otherwise comply with, the Mitigation Measures proposed as part of the Project, as outlined in Chapter IV of the Final Environmental Impact Report: "Mitigation Measures Proposed to Minimize Potential Adverse Impacts of the Project" (FEIR No. 1999.603E), included as Condition of Approval 1.A. and summarized in table form in Exhibit "C" of the Section 309 Motion for the Original Project (Case No. 1999.603BX). These mitigation measures are incorporated herein by this reference.

C. Recordation

Prior to the issuance of any new or amended building permit for the construction of

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, which notice shall state that construction of the Project has been authorized by and is subject to the conditions of this Motion. From time to time after the recordation of such notice, at the request of the Project Sponsor or the successor thereto, the Zoning Administrator shall affirm in writing the extent to which the conditions of this Motion have been satisfied.

D. Reporting

The Project Sponsor shall submit to the Zoning Administrator two copies of a written report describing the status of compliance with the conditions of approval contained within this Motion every six months from the date of this approval through the issuance of the first temporary certificate of occupancy. Thereafter, the submittal of the report shall be on an annual basis. This requirement shall lapse when the Zoning Administrator determines that all the conditions of approval have been satisfied or that the report is no longer required for other reasons.

E. Performance

This authorization may be extended at the discretion of the Zoning Administrator only where the failure to issue a permit by the bureau of the Department of Building Inspection to construct the proposed building is caused by a delay by a City, state or federal agency or by any appeal of the issuance of such a permits(s). Pursuant to Planning Code Section 321(d)(2), construction of this office development shall commence within 18 months of the date that the original Project was approved on April 5, 2001 per Case 1999.603BX and attached with Motions No. 16129 and 16130. Failure to begin work within that period, or thereafter to carry the development diligently to completion, shall be grounds to revoke approval of the office development.

2. CONDITIONS TO BE MET PRIOR TO THE ISSUANCE OF THE FIRST BUILDING (OR SITE) PERMIT.

A. Housing Fee

The Project Sponsor shall pay the Jobs-Housing Linkage Program (JHLP) fee as required by Planning Code Section 313. The net addition of gross floor area of office use subject to this requirement shall be determined based on drawings submitted with the Building Permit Application.

B. Street Space

If the Project Sponsor requires use of a street for staging or storage of materials for the Project, the Project Sponsor shall request approval from the Department of Parking and Traffic for the utilization of a street.

C. First Source Hiring Program

The project is subject to the requirements of the First Source Hiring Program (Chapter 83 of the Administrative Code) and the Project Sponsor shall comply with the requirements of this program. Prior to the issuance of any building permit to construct or a First Addendum to the Site Permit, the Project Sponsor shall have a First Source Hiring Construction Program approved by the First Source Hiring Administrator, and evidenced in writing.

D. Additional Affordable Housing: Letter of Credit (see also condition 4.A.)

In order to secure the Project Sponsor's performance of Condition 4.A., below, to provide additional affordable housing at its 201 Folsom Street residential project, the Project Sponsor shall provide the Planning Department with a letter of credit, or similar facility. The amount of the letter is based on the current estimated land value associated with the total additional area contributed, and is hereby set at \$600,000.

3. CONDITIONS TO BE MET PRIOR TO THE ISSUANCE OF THE FIRST CERTIFICATION OF OCCUPANCY.

A. Transit Impact Development Fee

The Project Sponsor shall pay the Transit Impact Development Fee as required by Chapter 38 of the Administrative Code. The net addition of gross floor area of office use subject to this requirement shall be determined based on drawings submitted with the Building Permit Application. Prior to the issuance of a temporary certificate of occupancy the Project Sponsor shall provide the Director with certification that the fee has been paid.

B. Transportation

- (1) The Project Sponsor shall execute a Memorandum of Agreement for Transportation Management with the Department, for the provision of a Transportation Management Program (TMP) in compliance with Planning Code Section 163. The TMP shall include, but not be limited to, features such as:
  - a. A marketing program for commute alternatives with enough variety to appeal to differing needs of employees of different firms in the building, including features such as employee information packets; regular distribution throughout the project building of information on transportation system changes, such as new or changed transit routes; and regular distribution of information promoting use of public transit, ridesharing and flextime.

- b. As part of the marketing program for commute alternatives, the Project Sponsor shall provide information to all of its tenants regarding, and actively encourage employers within the Project either to allow their employees to set aside pre-tax funds for transit expenses under Section 125 of the Internal Revenue Code, or to provide their employees subsidized transit passes and transit debit cards.
- c. A project-specific numerical goal for reducing commute travel by single occupancy vehicles. This numerical goal shall be set at a level which acknowledges the Project's proximity to substantial transit services.
- d. A parking rate structure which is consistent with San Francisco Planning Code Section 155(g) and other permit approval and Planning Code requirements, and also provides a financial disincentive for vehicles to exit the garage during the p.m. peak period of congestion (4:30 to 6:30)
- e. Specification of the number of spaces to be designed and designated for handicapped persons, bicycles, motorcycles, ride-sharing and short-term parking in accordance with the requirements of the Planning Code.

In reviewing and approving the TMP, the Director of the Department may modify the foregoing provisions based on information and analyses generated during preparation of the TMP so as to carry out the purposes of Planning Code Section 163 without imposing unnecessary burdens on the Project Sponsor.

- (2) Prior to issuance of a Fire Permit for the garage, the Project Sponsor shall submit to the Department, for its review and approval, a parking management plan, documenting parking layout and operating methods and practices for all spaces including freight loading and service vehicles, and pricing strategies for parking spaces made available to non-occupants of the building. There should be effective mechanisms to insure that the minimum number of designated short term and rideshare spaces will be provided and available, and that freight loading and service vehicle spaces will be available as needed and not used for parking.
- (3) The Project Sponsor shall, in consultation with the Municipal Railway, install eye bolts or make provisions for direct attachment of eye bolts for Muni trolley wires on the Project wherever necessary or agree to waive the right to refuse the attachment of eye bolts to the Project if such attachment is done at City expense. Project



sponsor shall report back to the Department within two weeks the results of such consultation with MUNI.

- (4) All vehicular driveways shall include warning devices (lighted signs and noise-emitting devices) to alert pedestrians to vehicles exiting the structure onto Minna Street.
- (5) The Project Sponsor shall include in all leases for office space a provision requiring tenant employers to cooperate in, and assist in carrying out Lessor's Transportation Management Program implemented pursuant to City Planning Code Section 163, and to designate a responsible employee to carry out this obligation.

C. Local Employment and First Source Hiring Programs

- (1) The project is subject to the requirements of the First Source Hiring Program (Chapter 83 of the Administrative Code) and the Project Sponsor shall comply with the requirements of this program. Prior to the issuance of the First Certificate of Occupancy, the Project Sponsor shall have a First Source Hiring Occupancy Program approved by the First Source Hiring Administrator, and evidenced in writing.
- (2) The Project Sponsor shall prepare a local employment program for approval by the Director of Planning or his or her designee. The local employment program shall be designed to meet the goals, requirements and objectives set forth in Planning Code Section 164 and shall conform to any guidelines adopted by the Commission.
- (3) The Project Sponsor agrees to actively promote to its prospective tenants and its tenant employers the use of its local employment program and the employment of San Francisco residents.
- (4) In order to more efficiently implement the provision of Section 164, the Central Employment Brokerage Agency (CEBA) performs employment brokerage services for project sponsors subject to Section 164 among others. The CEBA is governed by representatives of the various community-based employment training and placement agencies and representatives of downtown office project sponsors and employers. The concept of the CEBA is that after an initial start up period it will become self-supported by fees for its services and whatever foundation grants and governmental appropriations it can obtain.
- (5) Project Sponsor agrees that, for as long as the agency remains designated by the Department as the Central Employment Brokerage Agency for the purpose of carrying out obligations under

Section 164, the Project Sponsor will contract with the CEBA to provide, and pay a reasonable fee for the following services as required pursuant to Section 164: (1) providing employment brokerage services to the building employers (building management and tenants); (2) preparing a local employment program as required by the Department of City Planning; (3) carrying out all reporting requirements of the Department of City Planning.

D. Downtown Park Fee

The Project Sponsor shall pay the Downtown Park Fee as required by Section 139 of the Planning Code. The net addition of gross floor area of office use subject to this requirement shall be determined based on drawings submitted with the Building Permit Application.

E. Childcare Brokerage Services and Fees

- (1) The Project Sponsor shall execute an agreement with the Department and the Mayor's Office of Community Development for the provision of childcare brokerage services and preparation of a childcare plan to be approved by the Director of Planning. The childcare plan and childcare brokerage services shall be designed to meet the goals and objectives set forth in Planning Code Section 165.
- (2) The Project Sponsor shall pay the in lieu childcare fee to the City Controller required under Planning Code Section 314. Alternately, the Project Sponsor may elect to provide childcare services on-site as provided for in Section 314. The net addition of gross floor area of office use subject to this requirement shall be determined based on drawings submitted with the Building Permit Application.

F. Space for Nonprofits

As proposed by the Project Sponsor as part of the Supplemental Application Materials submitted on January 16, 2000 for the Original Project, and revised in consultation with the Planning Department, the Revised Project shall include the following areas within the building available to be leased by one or more nonprofit organizations for the life of the building at below market rates. The below market rates shall be no more than 50% of the average net rental rate for office space at the time of lease signing:

- (1) A minimum of 2,200 square feet of ground floor space in the southern corner of the building, adjacent to the urban plaza and Minna Street, as an assembly space for public meetings and exhibits;
- (2) A minimum of 3,700 square feet of office space on an above-grade

floor of the building.

4. CONDITIONS TO BE MET FOLLOWING THE ISSUANCE OF A CERTIFICATION OF OCCUPANCY.

A. Additional Affordable Housing

In addition to payment of the Section 313 JHLP in-lieu fee (see Condition No. 2.A. of this Motion), the Project Sponsor will voluntarily dedicate at least 9,500 square feet of additional affordable housing in its residential development project at 201 Folsom Street (Case Nos 2000.1076E and 2000.1326MTZ). The additional affordable housing will be over and above that to be provided as required by Code and/or as a condition of approval of 201 Folsom Street. The standards for this dedication shall be the same as for other affordable units in the 201 Folsom project.

If, for any reason, the Project Sponsor has not commenced construction on 201 Folsom Street within twenty-four (24) months after Planning Commission approval of the Original (555 Mission Street) Project, the letter of credit amount (set forth in Condition 2.D. above) will be released, and the City may apply it as an additional in-lieu housing fee contributed by the Project Sponsor. In this event, there will be no further, ongoing obligation of the Project Sponsor with respect to an additional housing contribution.

Upon issuance of any certificates of occupancy for the affordable housing dedication as required by this condition 4.A., the Planning Department shall return to the Project Sponsor the letter of credit provided in Condition 2.D., above. At that time, both condition 4.A. and 2.D. shall be deemed to have been satisfied.





May 10, 2011

**Delivered by Hand**

Ms. Christina Olague, President  
San Francisco Planning Commission  
1650 Mission Street, 4<sup>th</sup> Floor  
San Francisco, CA 94103

**Re: 555 Mission Street/Request for Modification of Conditions  
Our File No.: 6250.03**

Dear President Olague and Commissioners:

This office represents TST Mission Street, LLC, the project sponsor (“Project Sponsor”) of the approved and constructed Class-A office project located at 555 Mission Street (the “Project”). The office tower is consistent with the Project approvals granted by the Commission in 2001: a 481-foot-tall office tower with 549,000 square feet of office space and over 6,200 square feet of ground floor retail and assembly space.

When the Project was approved, one of the conditions required the Project Sponsor to make a small amount of space available to non-profit organizations (a total of 5,900 square feet, with a portion at the ground level and a portion of office space in the tower). This space was intended to be occupied by San Francisco Planning and Urban Research (“SPUR”). SPUR of course has completed its own permanent home at 654 Mission Street and no longer needs the office and assembly space allocated to it at the Project.

Without SPUR to fill the space as originally planned, the Project Sponsor has made diligent efforts to fill the space with one or more non-profit tenants. The Project Sponsor has been actively seeking non-profit tenants for the allocated office and ground floor space since 2008, and to date has not found an organization willing to take either space.

The space remains vacant. We believe the best course at this time is to allow both spaces to revert back to their base uses: 3,700 square feet of office space in the tower and 2,200 square feet of ground floor retail space. The retail space, near the rear of the property along Minna, fronting on the Project’s public open space will greatly enhance the pedestrian experience and increase the use of the open space once the right tenant is found.

In addition, the Project Sponsor has reached an accommodation with SPUR, the original named and intended beneficiary of the condition. SPUR will receive additional funding from the Project Sponsor to help retire the remaining debt at its new facility.

### **Background**

In April and December of 2001, the San Francisco Planning Commission (“Planning Commission”) approved a 481-foot-tall office tower with 549,000 square feet of office space and over 6,200 square feet of ground floor retail and assembly space<sup>1</sup>.

Condition 3F of approval Motion No. 16302 reads as follows:

*[3]F. Space for Nonprofits*

*As proposed by the Project Sponsor as part of the Supplemental Application Materials submitted on January 16, 2000 for the Original Project, and revised in consultation with the Planning Department, the Revised Project shall include the following areas within the building available to be leased by one or more nonprofit organizations for the life of the building at below market rates. The below market rates shall be no more than 50% of the average net rental rate for office space at the time of lease signing:*

- (1) A minimum of 2,200 square feet of ground floor space in the southern corner of the building, adjacent to the urban plaza and Minna Street, as an assembly space for public meetings and exhibits;*

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<sup>1</sup> On April and December 2001, the San Francisco Planning Commission (“Planning Commission”) adopted Motions No. 16129 (Case No. 1999.603X) and 16130 (Case No. 1999.603B), granting authorization to the Project Sponsor to demolish six existing buildings on the 34,300 square foot Property and to construct a 30-story office building approximately 455 feet tall, with two levels of underground parking containing 150 valet-style automobile spaces and six van spaces (the “Original Project”). The Original Project proposed approximately 499,000 gross square feet of new office space, approximately 4,000 gross square feet of ground floor retail space, and 2,200 gross square feet of ground floor assembly space. Motion No. 16129 was a Section 309 authorization, granting exceptions from Planning Code sections 148, 132.1(c), 270(d)(2), and 270(d)(3); and Motion No. 16130 was a Section 321 & 322 office space allocation for 499,000 gross square feet of office space.

On December 13, 2001, the Planning Commission adopted Motions No. 16302 (Case No. 2001.0798B) and 16303 (Case No. 2001.0798X), modifying the Original Project to add 50,000 square feet of office space and adding 26.5 feet (three floors) to the height of the Project. Motion No. 16302 amended the previous Section 321 & 322 office space allocation for the Original Project (Motion No. 16130) to allocate an additional 50,000 square feet of office space; and Motion No. 16303 amended the previous Section 309 authorization for the Original Project (Motion No. 16129) to add an additional 50,000 square feet of office space and to add another 26.5 feet to the height.

*(2) A minimum of 3,700 square feet of office space on an above-grade floor of the building.*

Finding 3 of Motion No. 16302 reads as follows:

*Approximately 2,200 square feet of ground floor space in the southern corner of the building, adjacent to the urban plaza and Minna Street, is proposed as an assembly space for public meetings and exhibits to be managed by the non-profit organization [SPUR]. The Project Sponsor also proposed to provide SPUR with approximately 3,900 square feet of office space on an above-grade floor of the building. Both the ground-floor assembly space and the upper-level office space would, in a condition of approval included in [Motion No. 16302], be required to be leased to a non-profit organization at a significantly below-market rate for the life of the building. The Project Sponsor currently has a lease agreement with SPUR for 40 years.*

The Project was constructed between 2006 and 2008 and was occupied by its first tenants on August 14, 2008. In the meantime, SPUR elected to construct its own headquarters one block away from 555 Mission Street, at 654 Mission Street, rather than lease the space at 555 Mission.

### **Leasing Efforts**

Since the decision by SPUR to move in a different direction, the Project Sponsor has made continuous efforts to locate eligible non-profit tenants for occupancy at the building, in accordance with the requirements of condition of approval 3F. To date, the Project Sponsor has been unable to locate such a tenant and as a result, at least 5,900 square feet of space (3,700 sf of office, 2,200 sf of assembly) at the Project has sat vacant since the Project was completed.

- The ground floor assembly space has been listed in at least one commercial broker's database for 97 months.
- The Project Sponsor believes the reason for this is that the ground floor space was designed as an assembly and exhibition space for SPUR and is not suitable for any other non-profit occupant.
- The Project Sponsor has negotiated with several prominent non-profit organizations; none of these talks have resulted in a deal.



The Project Sponsor has made diligent efforts to fulfill the requirements of condition of approval 3F.

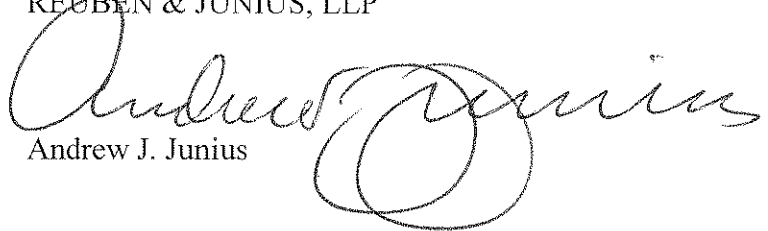
**Conclusion**

The Project Sponsor has spent three years actively marketing the space without success. As market rents rise, the Project Sponsor does not see any near or medium term opportunities to bring in a suitable non-profit to fill either space. Rather than have the space sit vacant, we believe now is the time to remove this condition and allow suitable tenants to be found.

The Project Sponsor has also reached an accommodation that benefits SPUR, the original named and intended beneficiary of the condition. Based on this agreement, and with SPUR's support and consent (see **Exhibit A**), the Project Sponsor requests that the Planning Commission, pursuant to Section 322(e) of the Planning Code, approve a modification of Motion No. 16302, to remove condition of approval 3F.

Very truly yours,

REUBEN & JUNIUS, LLP



Andrew J. Junius

Exhibits

cc: Commissioner Ron Miguel  
Commissioner Michael Antonini  
Commissioner Gwyneth Borden  
Commissioner Kathrin Moore  
Commissioner Hisashi Sugaya  
Commissioner Rodney Fong  
John Rahaim, Director  
Linda Avery, Commission Secretary  
Rick Crawford, Planner  
TST Mission Street, LLC

