



SAN FRANCISCO PLANNING DEPARTMENT

Executive Summary Determination of Compliance

HEARING DATE: DECEMBER 15, 2011

Date: December 1, 2011
Case No.: **2011.1177X**
Project Address: **340 FREMONT STREET**
Zoning: RH DTR (Rincon Hill Downtown Residential Mixed Use) District
85/400-R Height and Bulk Designation
Block/Lot: 3748/006 - 009
Project Sponsor: Jackson Pacific Ventures, LLC
Archstone Smith Operating Trust
c/o Andrew Junius
Reuben & Junius, LLP
1 Bush Street, Suite 600
San Francisco, CA 94104
Staff Contact: Corey Teague – (415) 575-9081
corey.teague@sfgov.org

1650 Mission St.
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415.558.6377

PROJECT DESCRIPTION

The Planning Commission approved Case No. 2004.0552X on June 15, 2006 (Motion No. 17267), for the demolition of existing improvements and the construction of a single residential high-rise tower that included the following features:

- A 400 foot tall building (measured from Fremont Street) with an 85-foot podium and approximately 290,000 gross square feet;
- Up to 332 dwelling units, including at least 40 percent two-bedroom and three-bedroom condominium apartments; and
- Off-street parking for up to 332 vehicles provided in a four-level underground garage. Less than 50 percent of the parking spaces would be independently accessible and the remainder would be efficiently-stored valet spaces. Up to 95 Class 1 bicycle spaces would be provided in a secure room on the ground floor.

No Changes to the original project are proposed. The Planning Commission has granted multiple extensions to the performance period for this project, as shown in the table below:

Application Type	Planning Commission Approval	Motion No.	Expiration Date
Original Application	June 15, 2006	17267	June 15, 2008
Performance Extension	November 13, 2008	17745	November 13, 2009
Performance Extension	June 11, 2009	17900	November 13, 2010
Performance Extension	December 16, 2010	18247	November 13, 2011
Performance Extension	December 15, 2011	N/A	November 13, 2012

SITE DESCRIPTION AND PRESENT USE

The approximately 31,404 square foot project site consists of four parcels that are located between Folsom and Harrison Streets with frontage on Fremont Street. The site is currently improved by two buildings that include a total of 45,000 square feet of area. The 3-story concrete building at 340 Fremont Street was constructed in 1962 and was previously occupied by the National Maritime Engineers Benefit Association. The building at 350 Fremont Street was constructed in 1952 and was previously occupied by the Seafarer’s Union. Both buildings are currently vacant.

SURROUNDING PROPERTIES AND NEIGHBORHOOD

The subject site is within the Rincon Hill neighborhood and is surrounded by a mix of older light-industrial buildings and high-density residential buildings. The adjacent building to the north is the monolithic Pacific Gas & Electric building. The adjacent building to the south is a 2-story 1927 industrial structure containing a computer networking, software, and product manufacturing business (dba GVS). Additionally, a 40-story residential tower of up to 452 units is approved for 399 Fremont Street.

ENVIRONMENTAL REVIEW

The majority of the environmental effects of the Project were determined by the San Francisco Planning Department to have been fully reviewed under the Rincon Hill Plan Environmental Impact Report. The Rincon EIR was prepared, circulated for public review and comment, and on May 5, 2005, by Motion No. 17007 certified by the Commission as complying with the California Environmental Quality Act (Cal. Pub. Res. Code Section 21000 et. Seq., hereinafter “CEQA”). The Rincon EIR is a Program EIR.

The file for this project, including the 2005 Final EIR and Motion No. 17007, is available for review at the San Francisco Planning Department, 1650 Mission Street, Suite 400, San Francisco, California.

HEARING NOTIFICATION

TYPE	REQUIRED PERIOD	REQUIRED NOTICE DATE	ACTUAL NOTICE DATE	ACTUAL PERIOD
Classified News Ad	NA	NA	NA	NA
Posted Notice	NA	NA	November 23	22
Mailed Notice	10 days	December 5	December 1	14

PUBLIC COMMENT

- The Department received no public comment on this project.

ISSUES AND OTHER CONSIDERATIONS

- The project is required to seek an extension of the performance period per Planning Code Section 309.1.

REQUIRED COMMISSION ACTION

In order for the project to proceed, the Commission must grant the request pursuant to Planning Code Section 309.1 to extend the performance period for another 12 months after the date of expiration of the previous project approval granted per Motion No. 18247. The performance period extension, if granted, will expire on November 13, 2012.

BASIS FOR RECOMMENDATION

- The project complies with the applicable requirements of the Planning Code.
- The project is consistent with the objectives and policies of the General Plan.
- The project is consistent with the Rincon Hill Plan.
- The project will provide approximately 332 dwelling units to the City's housing stock.

RECOMMENDATION: Approval with Conditions
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Attachment Checklist

- | | |
|---|---|
| <input checked="" type="checkbox"/> Executive Summary | <input checked="" type="checkbox"/> Project sponsor submittal |
| <input checked="" type="checkbox"/> Draft Motion | Drawings: <u>Existing Conditions</u> |
| <input 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"/> Parcel Map | <input type="checkbox"/> Check for legibility |
| <input checked="" type="checkbox"/> Sanborn Map | <input type="checkbox"/> Health Dept. review of RF levels |
| <input checked="" type="checkbox"/> Aerial Photo | <input type="checkbox"/> RF Report |
| <input type="checkbox"/> Context Photos | <input type="checkbox"/> Community Meeting Notice |
| <input type="checkbox"/> Site Photos | |

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

Planner's Initials

CT: G:\documents\X\2011\340 Fremont Street\Executive Summary.doc



SAN FRANCISCO PLANNING DEPARTMENT

Subject to: (Select only if applicable)

- | | |
|--|--|
| <input type="checkbox"/> Inclusionary Housing (Sec. 315) | <input type="checkbox"/> First Source Hiring (Admin. Code) |
| <input type="checkbox"/> Jobs Housing Linkage Program (Sec. 313) | <input type="checkbox"/> Child Care Requirement (Sec. 314) |
| <input type="checkbox"/> Downtown Park Fee (Sec. 139) | <input type="checkbox"/> Other |

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Draft Planning Commission Motion

HEARING DATE: DECEMBER 15, 2011

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ADOPTING FINDINGS UNDER PLANNING CODE SECTIONS 309.1 AND 827 TO AUTHORIZE AN EXTENSION IN THE PERFORMANCE PERIOD FOR 12 MONTHS FROM THE DATE OF COMMISSION ACTION WITHIN THE RH DTR (RINCON HILL DOWNTOWN RESIDENTIAL MIXED USE) DISTRICT WITH A 85/400-R HEIGHT AND BULK DESIGNATION.

PREAMBLE

On October 20, 2011, Andrew Junius, on behalf of Jackson Pacific Ventures, LLC and Archstone Smith Operating Trust (hereinafter "Project Sponsor") filed Application No. 2011.1177X (hereinafter "Application") with the Planning Department (hereinafter "Department") for the extension of performance period per Planning Code Sections 309.1 and 827 for an additional 12 months from the date of Commission action on this application. Case No. 2004.0552X (Motion No. 17267) was approved on June 15, 2006, to construct a new residential project that would consist of approximately 332 dwelling units, up to 332 off-street parking spaces, and for the granting of exceptions to allow greater than one parking space for every two dwelling units under Planning Code Sections 151.1(d) and 309.1(b)(1)(B), for reduction of the dwelling unit exposure requirements under Planning Code Sections 140 and

309.1(b)(1)(D), and to provide an exception to the separation of towers requirement under Planning Code Sections 270(e) and 309.1(b)(1)(A).

The majority of the environmental effects of the Project were determined by the San Francisco Planning Department (hereinafter "Department") to have been fully reviewed under the Rincon Hill Plan Environmental Impact Report (hereinafter "Rincon EIR"). The Rincon EIR was prepared, circulated for public review and comment, and on May 5, 2005, by Motion No. 17007 certified by the Commission as complying with the California Environmental Quality Act (Cal. Pub. Res. Code Section 21000 et. Seq., hereinafter "CEQA"). The Rincon EIR is a Program EIR. On June 1, 2006, the Commission reviewed and considered the Project's final EIR that included analysis of additional project specific preservation issues, and certified the Final EIR through Motion No. 17266 on June 15, 2006.

The Commission adopted CEQA findings related to the Rincon EIR and the Project Final EIR in support of its approval of the Rincon Hill Plan and related actions in its Motion No. 17267 and hereby incorporates such findings by reference. The Application to extend the approval period was determined by the San Francisco Planning Department (hereinafter "Department") not to require additional environmental review under the California Environmental Quality Act (Cal. Pub. Res. Code Section 21000 et seq., hereinafter "CEQA").

On November 13, 2008, the San Francisco Planning Commission (hereinafter "Commission") conducted a duly noticed public hearing at a regularly scheduled meeting on Case No. 2008.1083X, and granted a 12-month extension to the performance period of Motion No. 17745.

On June 11, 2009, the San Francisco Planning Commission (hereinafter "Commission") conducted a duly noticed public hearing at a regularly scheduled meeting on Case No. 2009.0319X, and granted a second 12-month extension to the performance period of Motion No. 17900.

On December 16, 2010, the San Francisco Planning Commission (hereinafter "Commission") conducted a duly noticed public hearing at a regularly scheduled meeting on Case No. 2010.0799X, and granted a third 12-month extension to the performance period of Motion No. 18247.

The file for this project, including the 2006 Final EIR, the Rincon EIR, and Motions No. 17007 and 17266, is available for review at the San Francisco Planning Department, 1650 Mission Street, Suite 400, San Francisco, California.

On December 15, 2011, the San Francisco Planning Commission (hereinafter "Commission") conducted a duly noticed public hearing at a regularly scheduled meeting on Case No. 2011.1177X.

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 extension of the performance period requested in Application No. 2011.1177X, subject to the previously approved conditions and 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 approximately 31,404 square foot project site consists of four parcels that are located between Folsom and Harrison Streets with frontage on Fremont Street. The site is currently improved by two buildings that include a total of 45,000 square feet of area. The 3-story concrete building at 340 Fremont Street was constructed in 1962 and was previously occupied by the National Maritime Engineers Benefit Association. The building at 350 Fremont Street was constructed in 1952 and was previously occupied by the Seafarer's Union. Both buildings are currently vacant.
3. **Past History and Actions.** On the basis of the Initial Study published on March 10, 2001, the San Francisco Planning Department determined that an Environmental Impact Report ("EIR") was required to analyze the environmental impacts of the Rincon Hill Plan in accordance with the California Environmental Quality Act (Planning Department Case No. 2000.1081E). A Notice of Preparation ("NOP") of the Draft EIR was filed with the Planning Commission on March 10, 2001, and was circulated for public comments for the following 30 day period. On September 25, 2004, the Planning Department published the Draft EIR and provided public notice of the availability of the Draft EIR for public review and comment. The public comment period for the Draft EIR ran from September 25, 2004, through December 10, 2004. A Notice of Completion ("NOC") and copies of the Draft EIR were distributed to the State Clearinghouse on September 25, 2004, as well as local and State responsible and trustee agencies. The Planning Commission held a duly advertised public hearing on said Draft EIR on November 29, 2004, at City Hall, Room 400. At this hearing, opportunity for public comment was given, and public comment was received on the Draft EIR. The period for acceptance of written comments ended on December 10, 2004. The Planning Department prepared responses to comments on environmental issues received at the public hearing and in writing prepared revisions to the text of the Draft EIR in response to comments received or based on additional information that became available during the public review period, and corrected errors in the Draft EIR. This material was presented in the "Comments and Responses," published on April 11, 2005, was distributed to the Planning Commission and to all parties who commented on the Draft EIR, and was available to others upon request at the Planning Department's office. A Final EIR was prepared by the Planning Department, consisting of the Draft EIR, any consultations and comments received during the review process, any additional information that became available, and the Comments and Responses. On May 5, 2005, the Planning Commission, pursuant to Motion No. 17007, certified the Final Rincon Hill Program EIR and in the same motion adopted a statement of overriding considerations.

On June 15, 2006, an application was approved for the demolition of existing improvements and the construction of a single residential high-rise tower, per Motion No. 17267, that would include the following features:

- The Project will be 400 feet tall (measured from Fremont Street) with an 85-foot podium and total approximately 290,000 gross square feet.
- The Project will consist of up to 332 dwelling units, including at least 40 percent two-bedroom and three-bedroom condominium apartments.
- Off-street parking for up to 332 vehicles will be provided in a four-level underground garage. Less than 50 percent of the parking spaces will be independently accessible and the remainder will be efficiently-stored valet spaces. Up to 95 Class 1 bicycle spaces will be provided in a secure room on the ground floor.

On November 13, 2008, the San Francisco Planning Commission, pursuant to Motion No. 17745, granted a 12-month extension to the performance period of Motion No. 17267.

On June 11, 2009, the San Francisco Planning Commission, pursuant to Motion No 17900, granted a second 12-month extension to the performance period of Motion No. 17267.

On December 16, 2010, the San Francisco Planning Commission, pursuant to Motion No 18247, granted a third 12-month extension to the performance period of Motion No. 17267.

4. **Proposal.** The project proposes to extend the performance period for another 12 months, taken from the date of expiration of the previous extension granted per Motion No. 18247.
5. **Public Comment.** The Department received no public comment regarding the proposal.
6. **The Rincon Hill Downtown Residential Mixed Use District – Planning Commission Design Review and Determination of Compliance Required.** On July 26, 2005, the Board of Supervisors approved, on a first reading, the Rincon Hill Plan Element of the General Plan and associated General Plan Amendments. On August 2, 2005, the Board of Supervisors approved, on a first reading, General Plan amendments, zoning text and map amendments, along with other associated legislation in adopting the new Rincon Hill Plan. The new Rincon Hill Plan further encourages the conversion of the existing Rincon Hill area to a high-density residential neighborhood with significant pedestrian and residential amenities such as parks and open space. The proposed new zoning provides more specific direction in designing new buildings, to assure their bulk and height is appropriate and that their interaction with the pedestrian realm contributes to the creation of a new neighborhood. Among the goals of the new zoning controls is to encourage high-rise development in slender towers amply separated, and to limit the amount of excessive off-street parking. To provide more specific direction to project sponsors and to help assure a more predictable project review process, the controls are designed to be more specific and allow less variability. The new controls utilize a design review process before the Commission, similar to the project review process for Downtown C-3 Districts, rather than utilizing the Conditional Use and Planned Unit Development review processes.

7. **Findings Under the California Environmental Quality Act (CEQA).** After considering the 2006 FEIR and other information in the record, the Commission hereby makes the following findings:

A. The Commission has independently reviewed and analyzed the 2006 FEIR, the findings contained in Motion No. 17266, and the other information in the record and has considered the information contained therein and hereby finds that no additional environmental review is required for the Project for the following reasons:

(1) No changes have been made to the Project that constitute substantial changes requiring major revisions in the 2006 FEIR due to the involvement of new significant environmental effects or a substantial increase of the severity of previously identified effects;

(2) Substantial changes have not occurred with respect to the circumstances under which the Project will be undertaken which require major revisions to the 2006 FEIR due to the involvement of new significant environmental effects or a substantial increase in the severity of previously identified significant effects; and

(3) There is no new information of substantial importance, which was not known and could not have been known with the exercise of reasonable diligence at the time the 2006 FEIR was certified, which shows (a) that the Project will have one or more significant effects not discussed in the 2006 FEIR; (b) that significant effects previously examined will be substantially more severe than shown in the 2006 FEIR; or (c) that mitigation measures or alternatives previously found to be infeasible would in fact be feasible and would substantially reduce one or more significant effects on the environment, but the project proponent declines to adopt the mitigation measure or alternative.

Based on the foregoing, the Commission finds that none of the conditions described in Section 15162 or 15164 of the CEQA Guidelines calling for the preparation of a subsequent or supplemental EIR or addendum have occurred and that therefore no further environmental review is required for the Project.

B. The Commission has reviewed and considered the Final EIR and record as a whole, and finds that the Final EIR is adequate for its use as the decision-making body for the action taken herein and incorporates the CEQA findings contained in Motion No.17266, including the Statement of Overriding Considerations and adoption of a Mitigation Monitoring and Reporting Program, by this reference thereto as though set forth in this Motion.

C. **Mitigation Monitoring and Reporting Program.** The Mitigation Monitoring and Reporting Program for the Project, adopted as Exhibit C to Commission Motion No. 17267, continues to apply to the Modified Project.

8. 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.

9. The Commission hereby finds that approval of the request for extension 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** Case No. 2011.1177X subject to the following conditions attached hereto as EXHIBIT A (Conditions of Approval), which is incorporated herein by reference as though fully set forth.

APPEAL AND EFFECTIVE DATE OF MOTION: Any aggrieved person may appeal this determination of compliance authorization to the Board of Appeals within fifteen (15) days after the date of this Motion No. XXXXX. The effective date of this Motion shall be the date of this Motion if not appealed (after the 15-day period has expired) OR the date of the decision of the Board of Appeals if appealed to the Board of Appeals. For further information, please contact the Board of Appeals at 1650 Mission Street, 3rd Floor (Room 304), San Francisco, CA 94103, or call 575-6880.

I hereby certify that the foregoing Motion was adopted by the Planning Commission on **December 15, 2011**.

Linda Avery
Commission Secretary

AYES:

NAYS:

ABSENT:

ADOPTED: December 15, 2011

EXHIBIT A

AUTHORIZATION

This authorization is for a performance period extension for the project located at 340 Fremont Street, Block 3748, and Lots 6, 7, 8 and 9 pursuant to Planning Code Section 309.1 within the RH DTR District and a 85/400-R Height and Bulk District and subject to conditions of approval reviewed and approved by the Commission on December 15, 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. This Motion No. XXXXXX does not modify or nullify any conditions of approval adopted under the original approval Motion No. 17267.

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 December 15, 2011 under Motion No XXXXXX.

PRINTING OF CONDITIONS OF APPROVAL ON PLANS

The conditions of approval under the 'Exhibit A' of Planning Commission Motion No. 17267 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 the development 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 new Planning Commission approval pursuant to Planning Code Section 309.1(c) and (d).

Conditions of approval, Compliance, Monitoring, and Reporting

PERFORMANCE

Extension. This authorization is valid for a period of 12 months after the date of expiration of the previous extension granted per Motion No. 18247 and shall expire on November 13, 2012. Specific procedures regarding this performance requirement follow Planning Code Section 309.1(e).

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

MONITORING - AFTER ENTITLEMENT

Enforcement. Violation of any of the Planning Department conditions of approval contained in this or previous motions, 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

Revocation due to Violation of Conditions. Should implementation of this Project result in complaints from interested property owners, residents, or commercial lessees which are not resolved by the Project Sponsor and found to be in violation of the Planning Code and/or the specific conditions of approval for the Project as set forth in Exhibit A of this Motion, the Zoning Administrator shall refer such complaints to the Commission, after which it may hold a public hearing on the matter to consider revocation of this authorization.

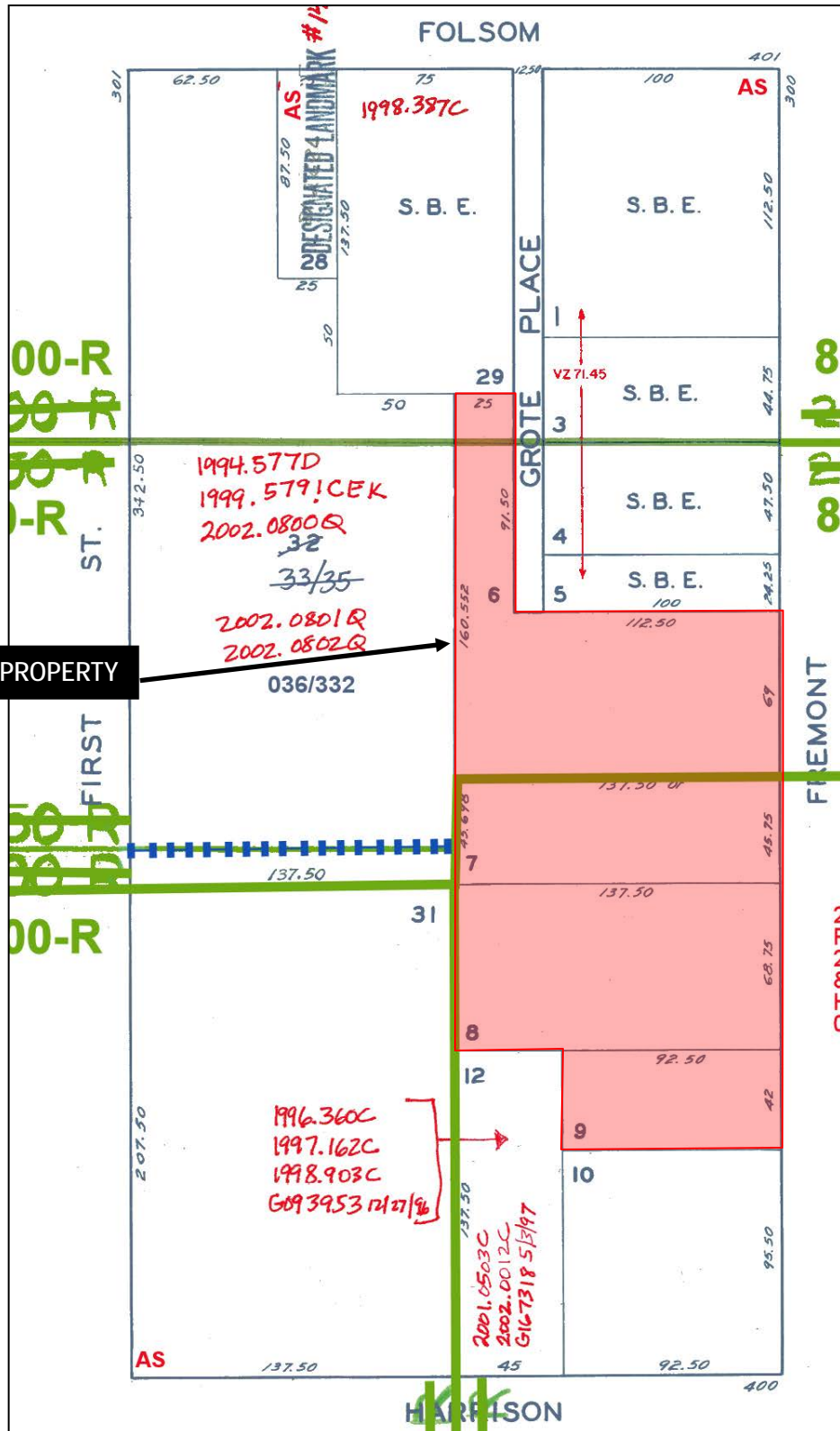
For information about compliance, contact Code Enforcement, Planning Department at 415-575-6863, www.sf-planning.org

OPERATION

Site Upkeep. The parking lot on the site shall be fenced and be kept free of weeds, debris and blight. The Project Sponsor shall keep the existing buildings secure and free of graffiti and postings.

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

Parcel Map

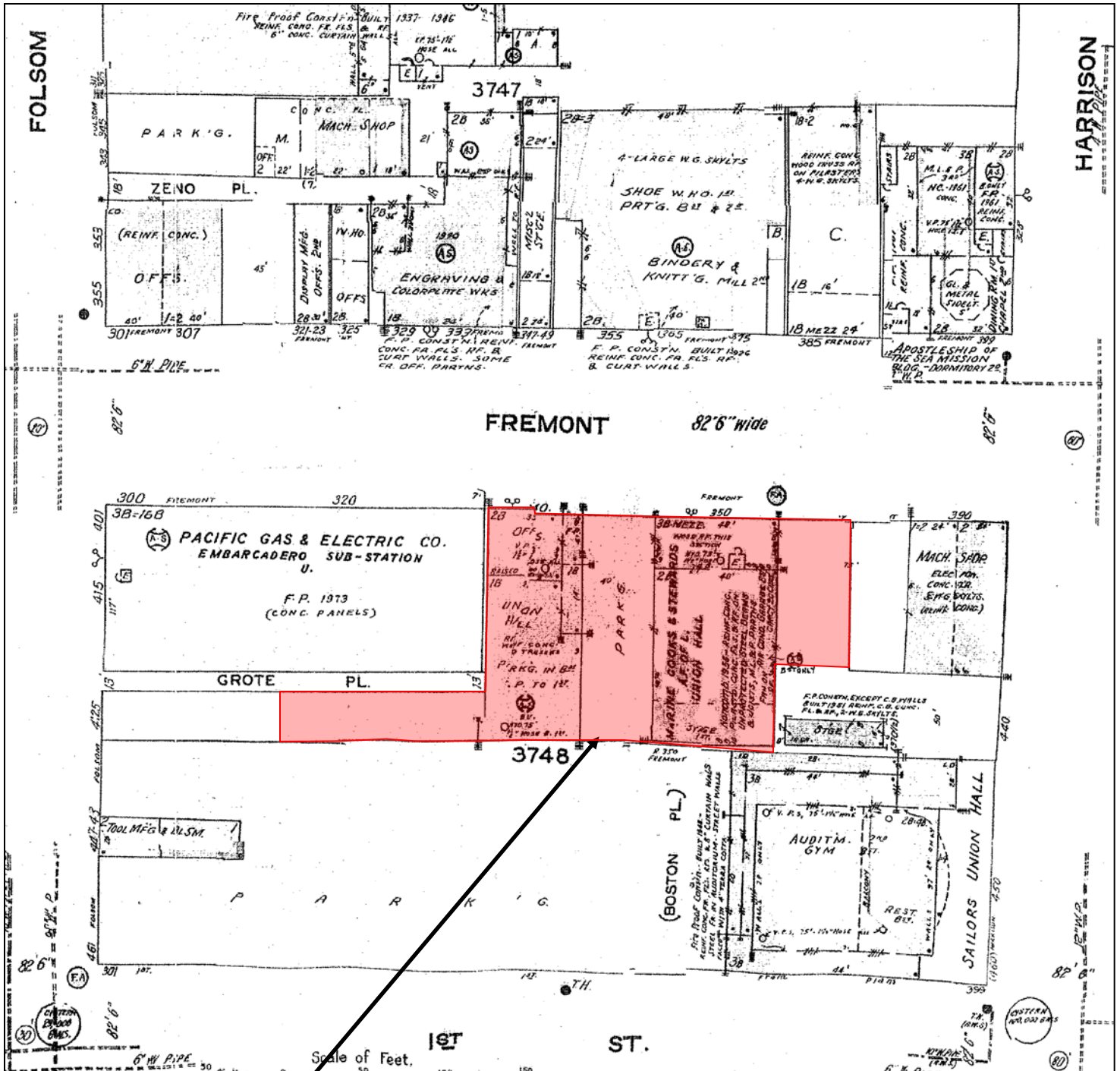


SUBJECT PROPERTY



Section 309 Hearing
 Case Number 2011.1177X
 Performance Period Extension
 340 Fremont Street

Sanborn Map*



SUBJECT PROPERTY

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

Section 309 Hearing
 Case Number 2011.1177X
 Performance Period Extension
 340 Fremont Street



Aerial Photo



SUBJECT PROPERTY



Section 309 Hearing
Case Number 2011.1177X
Performance Period Extension
340 Fremont Street

Aerial Photo

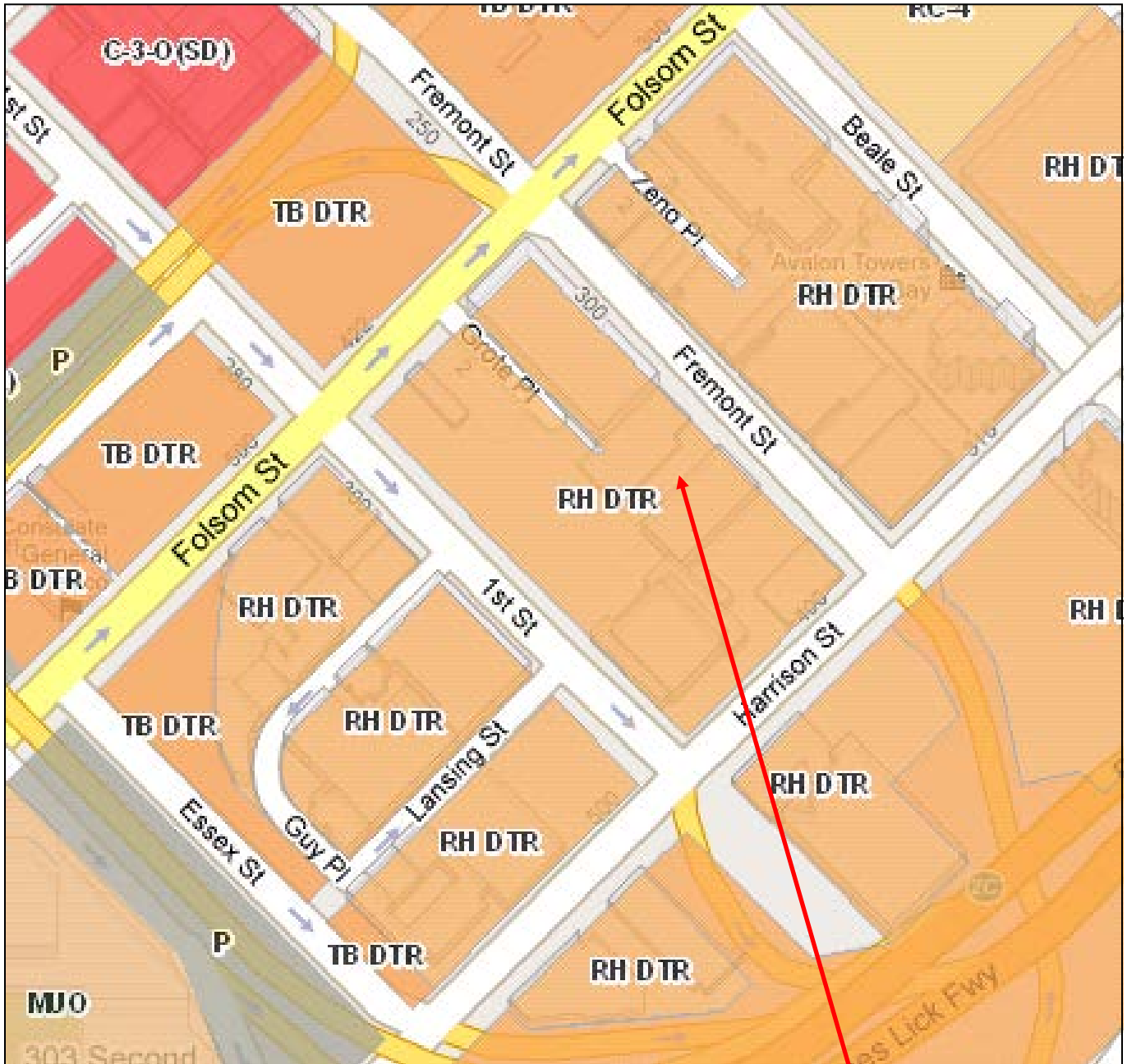


SUBJECT PROPERTY



Section 309 Hearing
Case Number 2011.1177X
Performance Period Extension
340 Fremont Street

Zoning Map



SUBJECT PROPERTY



Section 309 Hearing
Case Number 2011.1177X
Performance Period Extension
340 Fremont Street

JACKSON PACIFIC VENTURES, LLC
101 Second Street, Suite 500
San Francisco, CA 94105

November 28, 2011

Christina Olague, President
San Francisco Planning Commission
1650 Mission Street, Suite 400
San Francisco, CA 94103

Re: 340-350 Fremont St., San Francisco
Progress update and Request for Extension of Entitlement
Planning Commission Hearing Date: Dec. 15, 2011

President Olague and Commissioners:

Jackson Pacific Ventures, LLC (“JPV”) and Archstone are the project sponsors for the approved residential high rise project at 340-350 Fremont Street (“Project”). There has been no change in ownership of this site since its first Planning Commission approval in June 2006. The same project sponsor that was committed to the site and the Project remains in place and looks forward to moving forward with construction at the earliest possible date.

We are requesting an additional one-year extension to the project entitlement. Our actions to date demonstrate our team’s commitment to the Project and to the Rincon Hill Plan, as well as the impact upon our project by the capital markets and the economy. Archstone is making a major new financial commitment to the Project, and we are in process of assembling the project team with intent to complete design documents during 2012 and prepare for construction. We remain very positive about the long term potential for 340 Fremont Street and the Rincon Hill neighborhood and look forward to presenting to you on December 15, 2011.

Background

Through the course of 2005, 2006 and 2007 our team was progressing with significant planning, architectural and engineering design work. The approval process represented approximately twenty-four months of effort by our design and environmental team, working closely with Planning staff. By late 2007 we had spent approximately \$4 million on soft costs alone (in addition to land acquisition of \$18.5 million and various holding costs). During this period construction costs were escalating on the order of 10% per year or more, significantly outpacing rental income feasibility.

By January 2008 the U.S. and global recession officially began, putting millions of people out of work and shutting off construction financing. Like all major projects in San Francisco and most projects across the U.S., 340 Fremont Street was put on hold until such time as economic conditions improved to the point of sufficient economic feasibility for the Project to move forward.

Notwithstanding the downturn, and unlike many other residential developers and investors, both JPV and Archstone remain very engaged in the San Francisco and Bay Area residential markets. Construction of One Hawthorne -- the last high rise condominium building to be built in San Francisco -- is complete, and the project is in process of selling its remaining inventory.

Archstone recently acquired several major residential sites (including most recently Daggett Place at the foot of Potrero Hill) in anticipation of development and increasing the supply of rental housing.

Unlike the run-up to the housing bubble of 2008, when project financing was strongly biased toward production of condominium and ownership housing, with all the mortgage bubble consequences we still experience -- we believe the current recovery, slower and ultimately more sustainable, will represent a significant shift toward demand for and production of rental housing. We are placing substantial effort and investment behind that forecast.

The Rincon Hill Plan

The Rincon Hill Area Plan, adopted by the City in 2006, will “transform Rincon Hill into a mixed-use downtown neighborhood with a significant housing presence, while providing the full range of services and amenities that support urban living. The Plan will set the stage for Rincon Hill to become home to as many as 10,000 new residents.” (*Rincon Hill Plan, page 1*) The Plan enumerates four key reasons why Rincon Hill is a “high priority housing site” in San Francisco. The first is that the area contains a number of large vacant underutilized parcels that could accommodate significant high-density housing. “Few locations in the City represent such a major opportunity.” (*Id.*) Such large vacant parcels so close to the downtown transit infrastructure means that this land is presently underutilized. The second overriding factor is proximity to transit: the Rincon Hill neighborhood is a mere 5 minute walk from the downtown Financial District where there is easy access to local and regional public transit. And finally, the removal of the Embarcadero Freeway and the construction of the new Transbay Terminal each combine to make the opportunity and vision for Rincon Hill even more compelling.

Over a period of several years, Planning Department staff worked diligently with all stakeholders, including both community groups and land owners, to craft a uniquely tailored plan and complementary zoning to encourage the construction of five high-rise towers within the neighborhood, with heights ranging from 400 to 550 feet. The Planning Department staff took great care to locate the future tower sites so that they would complement the City’s skyline and not create significant shadow, view or wind impacts for both existing and future residents. The resulting Plan and zoning, while not fully built out today, still represents the Planning Department’s first high-density zoning plan since the Downtown Plan went into place more than twenty five years ago.

The Plan is also self-executing in terms of funding for neighborhood infrastructure. Each project will contribute significant fees to streetscape, sidewalk and other neighborhood improvements. This is a neighborhood where new development will directly fund major improvements that will effectively create the place envisioned in the Plan.

There is no better place in San Francisco to build high-rise residential projects than Rincon Hill. Any claims that the Rincon Hill Plan has failed, is economically impossible to achieve, or otherwise no longer viable, should be rejected out of hand. It is unfortunate that the Plan’s adoption coincided with the most significant economic downturn since the Great Depression. However, the fact that many residential real estate developments have been temporarily put on hold should not reflect badly on the Plan -- after all, it has only been five years since the Plan was enacted.

We believe that with patience all the projects within the Rincon Hill Plan will be constructed –the residential buildings, the public realm improvements, and the closely linked affordable housing investment – and this will be a visionary and substantial San Francisco Planning success.

Schedule for 2012

The U.S. and Bay Area for-sale housing markets have endured a major recession that is not yet over. However, the rental housing market is showing signs of strength (both market rents and occupancy) which, if sustained, should be sufficient to allowing financing and construction of new downtown, high rise rental projects on a selective basis.

In anticipation of this more promising environment, Archstone has authorized up to \$4,000,000 additional capital to be invested in 340 Fremont Street. We are using this investment to proceed with completion of project design and construction documents during 2012, and to prepare for financing and construction. During the coming year we will also be coordinating with City staff and preparing the site for construction. We believe that with this additional investment and commitment to the project, and a consistent and stable rental financing capital market, we will be in a position to commence construction in approximately 12 months time.

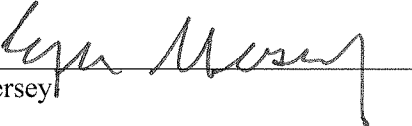
Conclusion

We request that the Planning Commission grant 340 Fremont Street the proposed one-year approval extension. Rincon Hill is a long-term plan, and the City must look beyond market cycles to realize its larger vision for Rincon Hill. The Project sponsorship represents just the type of team that can best help the City realize the vision for Rincon Hill. Both JPV and Archstone have an excellent track record in San Francisco and are ready to move forward at the earliest possible time.

We look forward to providing the Commission and Planning Department staff with progress updates during the coming year.

Sincerely,

On behalf of Archstone and Jackson Pacific


Ezra Mersey

cc: Commissioner Michael Antonini
Commissioner Gwen Borden
Commissioner Rodney Fong
Commissioner Ron Miguel
Commissioner Kathrin Moore
Commissioner Hisashi Sugaya
John Rahaim - Planning Director
Linda Avery - Commission Secretary
Corey Teague
Rick Juarez - Archstone
Andrew J. Junius



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PROPOSED STRUCTURE AT

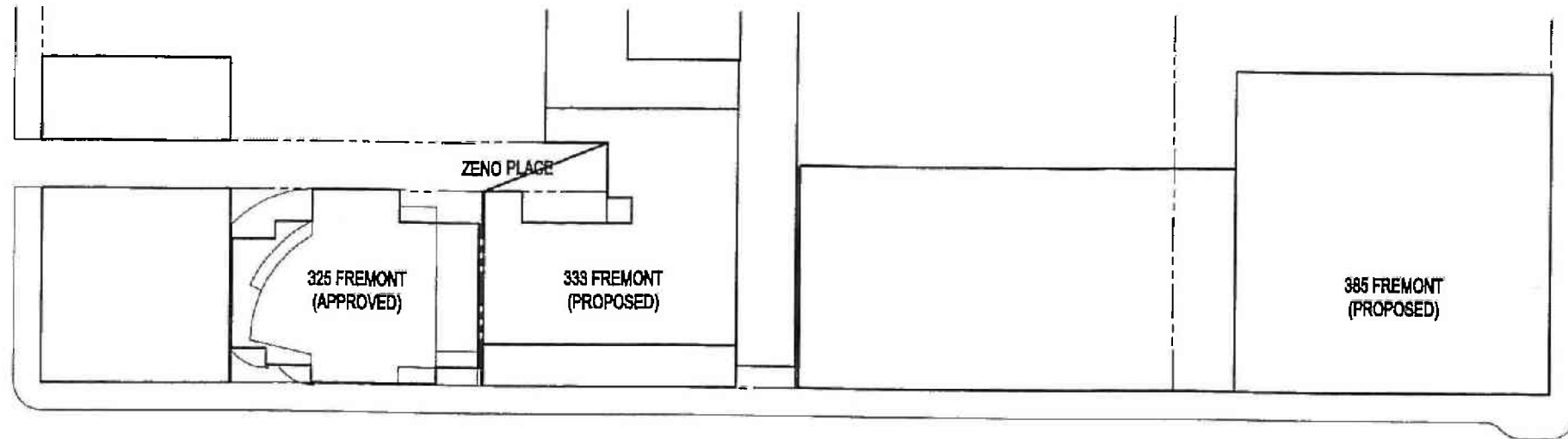
340 FREMONT STREET

SAN FRANCISCO, CA

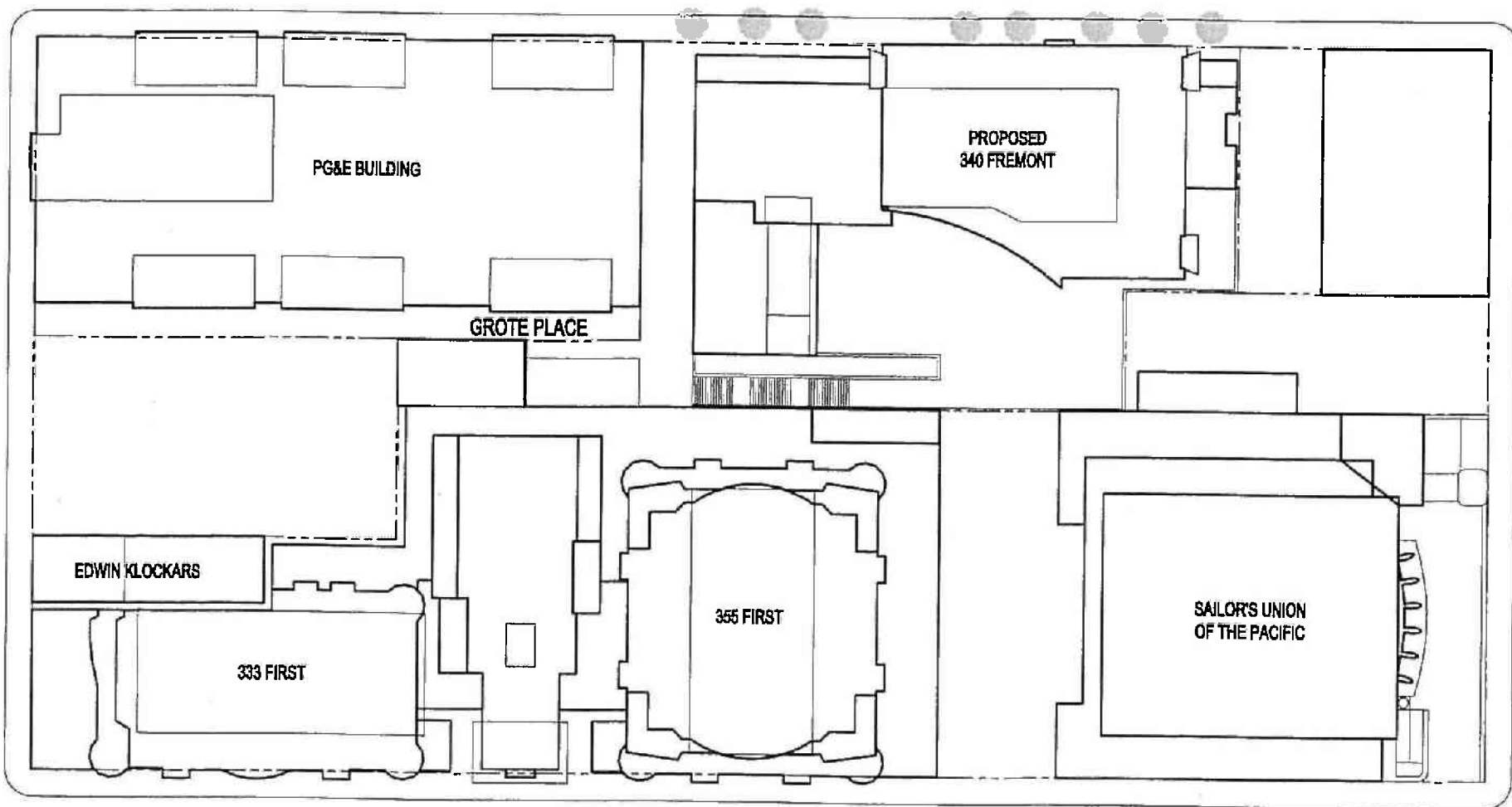
PLANNING DEPT. CASE NO. 2004.0552X
SECTION 309.1 APPLICATION

MAY 9, 2006

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ARCHITECTS
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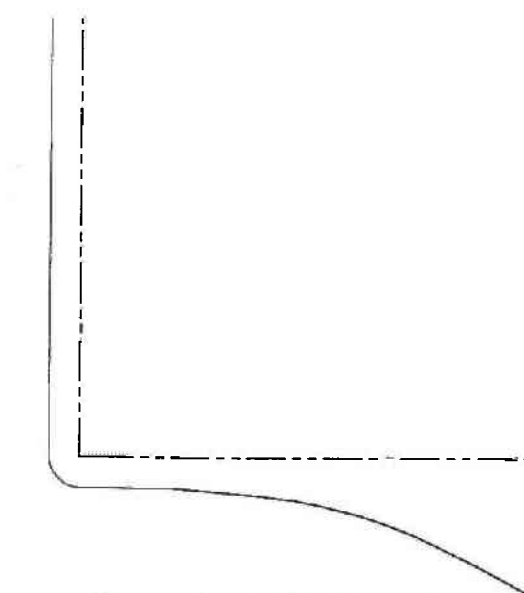
FREMONT STREET ↔



FOLSOM STREET ↑

FIRST STREET →

HARRISON STREET ↔



← HARRISON ST. OFFRAMP

340 Fremont Street

San Francisco, CA
Residential Development

Developer:
Jackson Pacific / Archstone

Jackson Pacific Ventures
2443 Fillmore Street, #373
San Francisco, CA 94115
415.265.8539

Architecture and Planning:
Heller Manus Architects
221 Main Street, Suite 940
San Francisco, CA 94105
415.247.1100

Consultants:
Middlebrook + Louie
Structural Engineer
One Bush Street, Suite 250
San Francisco, CA 94104
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C & B Consulting Engineers
Mechanical & Electrical Engineers
449 10th Street
San Francisco, CA 94103
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Scale: 1"=60'-0"

Sheet Title
SITE PLAN

Sheet Number

A1.00



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Sheet Title

NORTHEAST RENDERING

Sheet Number

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