Executive Summary Determination of Compliance

HEARING DATE: MAY 24, 2012

Suite 400 San Francisco, CA 94103-2479

1650 Mission St.

Reception: 415.558.6378

Fax:

415.558.6409

Planning Information: 415.558.6377

Date: May 10, 2012

Case No.: **2012.0556X**

Project Address: 401 Harrison Street (AKA One Rincon Hill Phase 2)

Zoning: RH DTR (Rincon Hill Downtown Residential Mixed Use) District

45/450-R Height and Bulk Designation

Block/Lot: 3765 / 022

Project Sponsor: 401 Harrison LLC

c/o Steve Vettel

Farella Braun & Martel LLP 235 Montgomery Street San Francisco, CA 94104 Mat Spydor - (415) 575 6891

Staff Contact: Mat Snyder – (415) 575-6891

mathew.snyder@sfgov.org

PROJECT DESCRIPTION

The Planning Commission approved Case No. 2003.0029X on August 4, 2005 (Motion No. 17077), for the demolition of the previously existing improvements and the construction of a development project that consisted of the following:

- A 550- foot residential tower located on the southwest corner of the site;
- A 450-foot residential tower located on the northeast corner of the site;
- A podium structure consisting of fronting townhouse units, parking and loading and rooftop open space;
- Originally up to 709 dwelling including at least 40 percent two-bedroom and three-bedroom apartments; and
- Off-street parking for up to 709 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 190 Class 1 bicycle spaces would be provided in a secure room at each of the towers

Very minor changes have been made to the project since originally approved by the Planning Commission., typical for projects of this scale. The dwelling unit count was reduced to approximately 689 units between the two towers (390 in Phase 1 and 299 in Phase 2), and interior changes have been made to the ground floor of the second tower.

Application Type	Planning Commission Approval	Motion No.	Expiration Date
Original Application	August 4 , 2005	17077	August 24, 2011

Executive Summary Hearing Date: May 24, 2012

*Planning Code Section 309.1(e) requires the second phase of two-phase projects to begin construction within 18-months of the Final Certificate of Occupancy of the first phase.

SITE DESCRIPTION AND PRESENT USE

The approximately 56,000 square foot project site is bordered on the north by Harrison Street, on the west by First Street, on the east by the I-80 off-ramp, and on the south by I-80. It is currently improved with the first phase of the One Rincon Hill project, which includes a 550-foot tower and 45-foot podium building, The northeast portion of the site is currently vacant awaiting construction of the second phase.

SURROUNDING PROPERTIES AND NEIGHBORHOOD

The subject site is within the Rincon Hill neighborhood and is surrounded by a mix of older lightindustrial buildings and high-density residential buildings. The site to the east and across the I-80 offramp is the 333 Harrison Street project, currently being improved with an 65-foot, residential development project and publicly accessible open space. Across Harrison Street is the Avalon Bay apartments, approved prior to the current Rincon Hill controls. Several other residential towers have been approved in the vicinity under the Rincon Hill controls approved in 2005 and 2006 which have not been constructed. These towers have received multiple extensions to their original approvals.

ENVIRONMENTAL REVIEW

The Project was reviewed under Case No. 2003.0029E, which was prepared, circulated for public review and comment, and on August 4, 2005, by Motion No. 17075 certified by the Commission as complying with the California Environmental Quality Act (Cal. Pub. Res. Code Section 21000 et. Seq., hereinafter "CEQA"). The One Rincon Hill Residential Development EIR is a Project EIR. CEQA Findings were adopted under Motion No. 17076.

The file for this project, including the 2005 Final EIR and Motion Nos. 17075, 17076, and 17077 are available for review at the San Francisco Planning Department, 1650 Mission Street, Suite 400, San Francisco, California.

HEARING NOTIFICATION

ТҮРЕ	REQUIRED PERIOD	REQUIRED NOTICE DATE	ACTUAL NOTICE DATE	ACTUAL PERIOD
Classified News Ad	10 days	May 14	May 4	20
Posted Notice	NA	NA	May 1	23
Mailed Notice	10 days	May 14	May 10	14

PUBLIC COMMENT

As of the date of this report, the Department has received one call and e-mail that were inquisitive in nature and one e-mail expressing opposition.

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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 from 18 months after the Final Certificate of Occupancy, or August 24, 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 299 dwelling units to the City's housing stock, including in a minimum of 40-percent two-bedrooms.

RECOMMENDATION: Approval with Conditions

Executive Summary Hearing Date: May 24, 2012

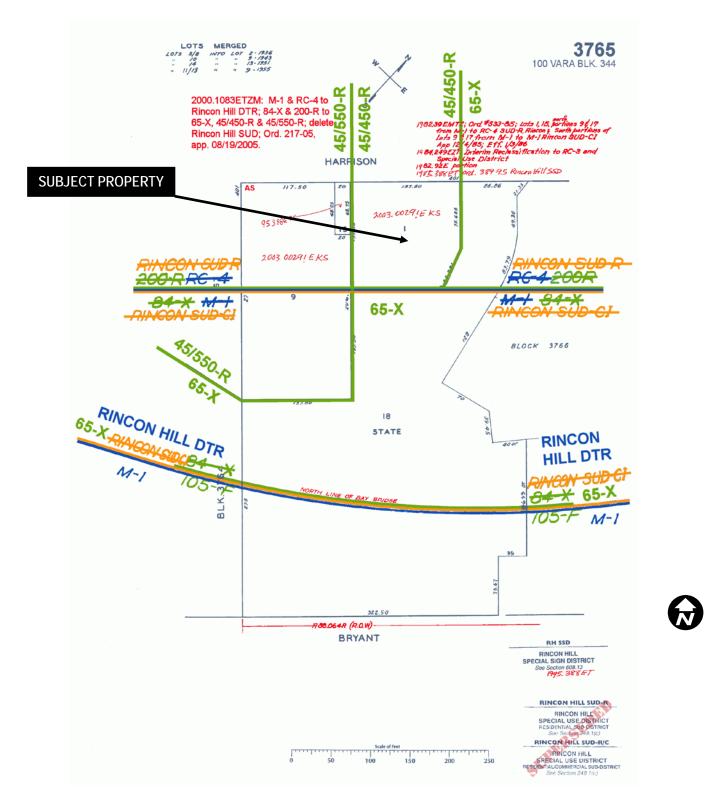
CASE NO. 2012.0556X 401 Harrison Street (AKA One Rincon Hill Phase II)

Attachment Checklist

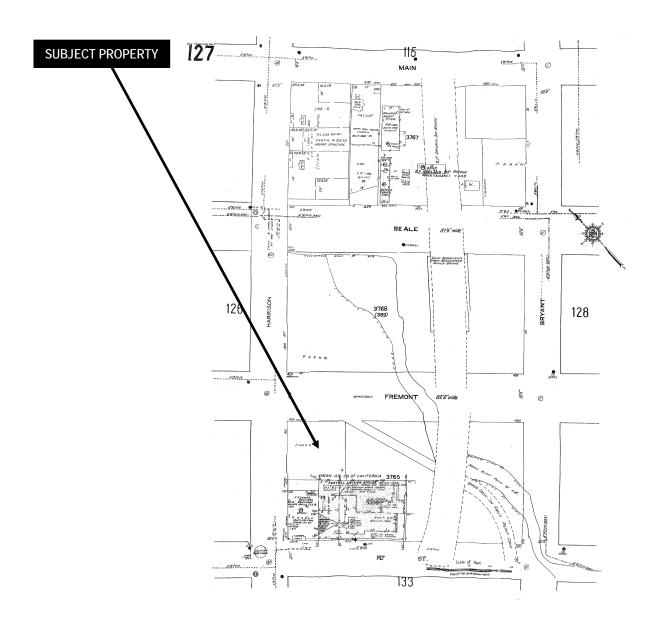
	Executive Summary		Project sponsor submittal
	Draft Motion		Drawings: Existing Conditions
	Environmental Determination		Check for legibility
	Zoning District Map		Drawings: <u>Proposed Project</u>
	Parcel Map		Check for legibility
	Sanborn Map		Health Dept. review of RF levels
	Aerial Photo		RF Report
	Context Photos		Community Meeting Notice
	Site Photos		
]	Exhibits above marked with an "X" are inc	clude	d in this packetMMS
			Planner's Initials

CT: G:documents\X\2010\340 Fremont Street\Executive Summary.doc

Parcel Map



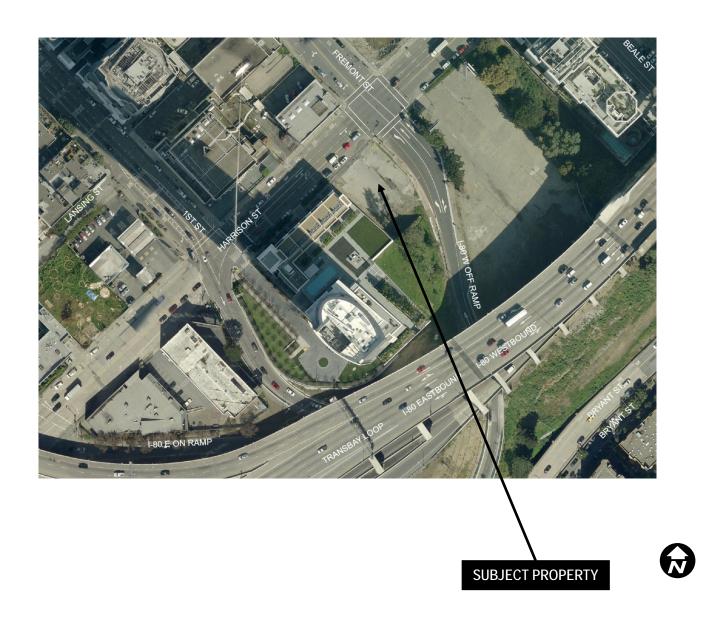
Sanborn Map*



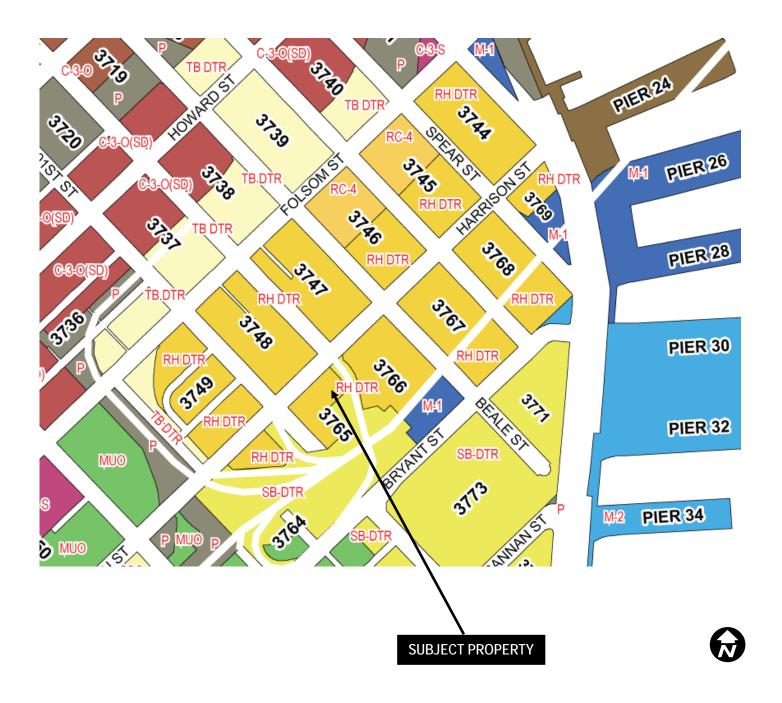
*The Sanborn Maps in San Francisco have not been updated since 1998, and this map may not accurately reflect existing conditions.



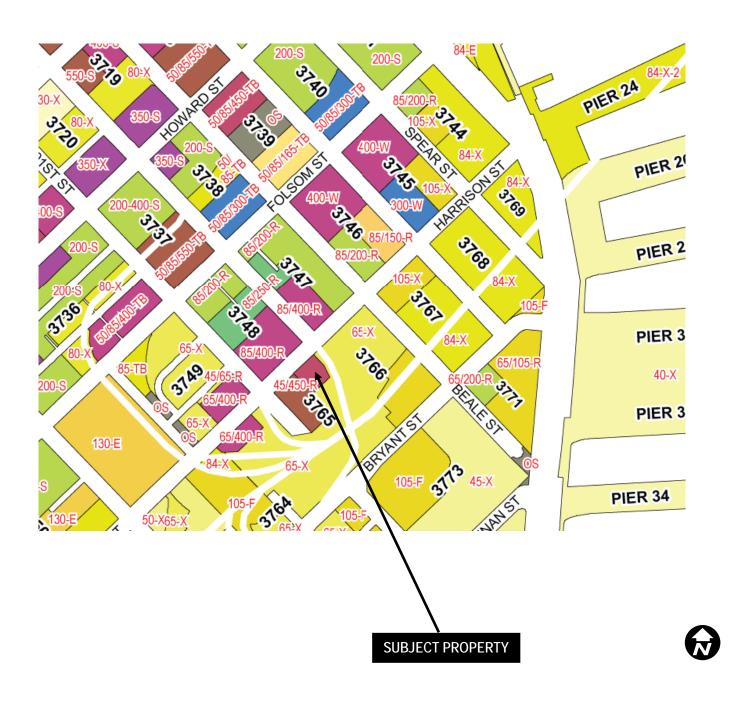
Aerial Photo



Zoning Map



Height Map



Pictometry Photo



SUBJECT PROPERTY

Subject to: (Select only if applicable)

- Inclusionary Housing (Sec. 415)
- ☐ Jobs Housing Linkage Program (Sec. 313)
- ☐ Downtown Park Fee (Sec. 139)
- First Source Hiring (Admin. Code)
- ☐ Child Care Requirement (Sec. 414)
- Other

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

Reception: 415.558.6378

Planning Commission Draft Motion No. XXXXX

HEARING DATE: MAY 24, 2012

415.558.6409

Planning Information: 415.558.6377

Date: May 10, 2012 Case No.: **2012.0556X**

Project Address: 401 Harrison Street (AKA One Rincon Hill – Phase 2)

Zoning: RH DTR (Rincon Hill Downtown Residential Mixed Use) District

45-450-R Height And Bulk Designation

Block/Lot: 3765 / 022

Project Sponsor: 401 Harrison Street, LLC

315 Linden Street

San Francisco, CA 94105

c/o Steve Vettel

Farella Braun & Martel LLP 235 Montgomery Street San Francisco, CA 94104

Staff Contact: Mat Snyder – (415) 575-6891

mathew.snyder@sfgov.org

ADOPTING FINDINGS UNDER PLANNING CODE SECTIONS 309.1, 825, AND 827 TO AUTHORIZE AN EXTENSION IN THE PERFORMANCE PERIOD FOR 12 MONTHS FROM THE ORIGINAL PERFORMANCE DATE FOR THE SECOND PHASE OF THE PROJECT WITHIN THE RH DTR (RINCON HILL DOWNTOWN RESIDENTIAL MIXED USE) DISTRICT WITH A 45/450-R HEIGHT AND BULK DESIGNATION.

PREAMBLE

On April 25, 2012, Farella Braun & Martel, LLP (hereinafter "Project Sponsor") filed Application No. 2012.0556X (hereinafter "Application") with the Planning Department (hereinafter "Department") for the extension of performance period per Planning Code Sections 309.1, 825 and 827 for an additional 12 months from the approval under Motion No. 17077. The proposal was originally approved on August 4, 2005 to construct a new residential project that would consist of approximately 709 dwelling units, up to 709 off-street parking spaces (less than half independently accessible), 190 bicycle 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).

The Project included two phases, with one residential tower included in each phase. The building permit for the first tower and townhouse and parking podium was issued in 2006. The building permit received its Final Certificate of Completion on February 24, 2010. The building permits for the first phase Minor changes have been made to the project since originally approved by the included 390 units. Planning Commission, typical for projects of this scale. The dwelling unit count was reduced to approximately 689 units amongst the two towers and townhouses, and interior changes have been made to the ground floor of the second tower.

The environmental effects of the Project were fully reviewed under the One Rincon Hill Residential Development Environmental Impact Report "Hereafter, EIR" under Case No. 2003.0029E. The EIR was prepared, circulated for public review and comment, and on August 4, 2005, by Motion No. 17075 certified by the Commission as complying with the California Environmental Quality Act (Cal. Pub. Res. Code Section 21000 et. Seq., hereinafter "CEQA").

The Commission adopted CEQA findings related to the EIR in support of its approval of the Project and related actions in its Motion No. 17076 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").

The file for this project, including the 2005 Final EIR, and Motions Nos. 17075, 17076, and 17077 are available for review at the San Francisco Planning Department, 1650 Mission Street, Suite 400, San Francisco, California.

On May 24, 2012, the San Francisco Planning Commission (hereinafter "Commission") conducted a duly noticed public hearing at a regularly scheduled meeting on Case No. 2012.0556X.

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. 2012.0556X, 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:

- The above recitals are accurate and constitute findings of this Commission.
- 2. Site Description and Present Use. The One Rincon Hill subject site is approximately 56,000 square feet and is improved with the first phase of the One Rincon Hill project, including a 550foot tower (exclusive of mechanical penthouse), Harrison and First Street-facing town house

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> units, and off-site improvements along First Street and Harrison Street. The eastern most portion of the site remains vacant awaiting the construction of the second phase.

- 3. Past History and Actions. The Planning Commission approved Case No. 2003.0029X on August 4, 2005 (Motion No. 17077), for the demolition of the previously existing improvements and the construction of a development project that consisted of the following:
 - A 550-foot residential tower located on the southwest corner of the site;
 - A 450-foot residential tower located on the northeast corner of the site;
 - A podium structure consisting of fronting townhouse units, parking and loading, and rooftop open space;
 - Originally up to 709 dwelling including at least 40 percent two-bedroom and three-bedroom apartments; and
 - Off-street parking for up to 709 vehicles provided in a underground and partially above ground garage. Less than 50 percent of the parking spaces would be independently accessible and the remainder would be efficiently-stored valet spaces. Up to 190 Class 1 bicycle spaces would be provided in a secure room at each of the towers.

In 2006, the Department of Building Inspection issued a site permit for the first phase of construction. The original building was demolished and construction commenced on the Phase I of the One Rincon Hill project. The project received its Final Certificate of Occupancy on February 24, 2010.

- 4. **Proposal.** The project proposes to extend the performance period for 12 months from the original performance deadline for One Rincon Hill - Phase 2, taken from eighteen months from the date of the Final Certificate of Occupancy of the project's first phase.
- 5. **Public Comment.** As of the drafting of this motion, staff has not received any public comment on the proposed extension.
- 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 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 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

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> 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 2005 FEIR and other information in the record, the Commission hereby makes the following findings:
 - A. The Commission has independently reviewed and analyzed the 2005 FEIR, the findings contained in Motion Nos. 17075 and 17076, 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 2005 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 2005 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 2005 FEIR was certified, which shows (a) that the Project will have one or more significant effects not discussed in the 2005 FEIR; (b) that significant effects previously examined will be substantially more severe than shown in the 2005 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 by the decision–making body for the action taken herein and incorporates the CEQA findings contained in Motion No.17076, 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.

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Motion No. XXXXX CASE NO. 2012.0556X Hearing Date: May 24, 2012 401 Harrison Street (AKA One Rincon Hill Phase 2)

> C. Mitigation Monitoring and Reporting Program. The Mitigation Monitoring and Reporting Program for the Project, adopted as Exhibit C to Commission Motion No.17077, 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. 2012.0556X 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 (415) 575-6880, 1660 Mission Street, Third Floor, San Francisco, CA 94103.

I hereby certify that the foregoing Motion was adopted by the Planning Commission on May 24, 2012.

Linda Avery Commission Secretary

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AYES:

NAYS:

ABSENT:

ADOPTED: May 24, 2012

Motion No. XXXXX Hearing Date: May 24, 2012

Exhibit A Conditions of Approval

Whenever "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 is pursuant to Sections 309.1 to extend the performance period for another 12 months. The approved project is to construct the second phase of a residential project that would consist of approximately 299 dwelling units and up to 19 off-street parking spaces. All previously granted exceptions and Conditions of Approval would remain and are attached as Exhibit C. The amendment extends the approval to August 24, 2012.

GENERAL CONDITIONS

- 1. Performance. This authorization is valid for a period of 12 months after the 18 months from the issuance of the Certificate of Final Completion for the first phase of the project, or to August 24, 2012. Specific procedures regarding the performance requirement follow Planning Code Section 309.1(e).
- 2. Recordation. Prior to the issuance of any building or site 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, the Zoning Administrator shall affirm in writing the extent to which the conditions of this Motion have been satisfied, and record said writing if requested.
- 3. The property shall be kept free of weeds, debris, and blight. The Project Sponsor shall install a fence to prevent vagrant camping, unlawful dumping and to minimize the security threat to the neighborhood. The fence shall be kept free of graffiti and postings.

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Assessor's Block 3765, Lots 001,
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Exhibit A

Conditions of Approval

Whenever "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 is pursuant to Sections 309.1, for the construction of a residential project that would both be taller than 85-feet and larger than 50,000 gross square feet; and is to grant an exception to the limitation of allowing only one parking space for every two dwelling units under Planning 151.1(d) and 309.1(d)(8)(A). The project approved under this determination of compliance includes the demolition of the existing Bank of America office building, clock tower, and parking garage, and the construction of a new residential project that would include approximately 709 dwelling units, up to 709 off-street parking spaces, approximately 3,200 gross square feet of retail, in a development that would include two towers that would reach 450-feet and 550-feet (exclusive of mechanical penthouses) and podium townhouses that would border Harrison Street and First Street in general conformance with the plans dated July 28, 2005 (as dated by staff), stamped Exhibit B.

GENERAL CONDITIONS

- 1. <u>Final Approval</u>. Final approval of a site or building permit for this project by the City shall be contingent on the final approval and adoption of the amendments to the Planning Code, the Zoning Maps Amendments, and other required actions required to finalize the new Rincon Hill Downtown Residential Mixed-use District.
- 2. <u>Wind Exception.</u> The final approval of a site or building permit for this project is contingent of the granting of an exception to the limitation on wind exceedances caused by this project as regulated by Planning Code Section 827(f).
- 3. <u>Performance.</u> This authorization is valid for a period of 24 months after the approval by the Planning Commission, or the Board of Permit Appeals. The construction of the second phase of the project shall commence no later than 18 months after the issuance of a final certificate of occupancy of the first phase. Specific procedures regarding the performance requirement follow Planning Code Section 309.1(e).
- 4. <u>Recordation</u>. Prior to the issuance of any building or site permit for the construction of the Project, the Zoning Administrator shall approve and order the recordation of a notice

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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, the Zoning Administrator shall affirm in writing the extent to which the conditions of this Motion have been satisfied, and record said writing if requested.

- 5. <u>Community Liaison</u>. The Project Sponsor shall appoint a community liaison officer to deal with issues of concern to the owners and occupants of nearby properties at all times during Project construction. Prior to the commencement of Project construction, the Project Sponsor shall give the Zoning Administrator and the owners of properties within 300 feet of the Project site boundaries written notice of the name, business address and telephone number of the community liaison.
- 6. <u>First Source Hiring Program</u>. 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 final 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.

DESIGN

- 7. <u>Final Design.</u> The project sponsor shall continue to work with Planning staff on the details of the design of the project. Most specifically, the project sponsor shall continue to work with staff on the vertical articulation of townhouse units along First Street.
- 8. <u>Design of Residential Frontages</u>. The design of the residential frontages shall comply with Planning Code section 827(d)(5) including the integration of pedestrian lighting (Section 827(d)(7)), landscaping, the provision of a water source for each residential entry, the use of a continuous soil trough and irrigation for landscaping (Section 827(d)(B)(iii iv)).
- 9. <u>Design of Commercial Frontage.</u> The design of the commercial frontages shall comply with Planning Code Section 827(d)(6) including the integration of pedestrian lighting (Planning Code Section 827(d)(7)).
- 10. <u>Streetscape Improvements.</u> The project sponsor shall make sidewalk improvements pursuant to the proposed Rincon Hill Streetscape Plan, in accordance with Planning Code Section 827(g) and as directed by staff. The project sponsor shall work with staff to ensure the improvements of are of good quality, compatible with the neighborhood,

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and compliant with any applicable requirements of the Public Works Department, the Bureau of Light, Heat and Power of the Public Utilities Commission and the Art Commission. The owners of abutting properties to the improved sidewalk shall hold harmless the City and County of San Francisco, its officers, agents, and employees, from any damage or injury caused by reason of the design, construction or maintenance of the improvements, and shall require the owner or owners or subsequent owner or owners of the respective property to be solely liable for any damage or loss occasioned by any act or neglect in respect to the design, construction or maintenance of the sidewalk improvements.

- 11. <u>Street Trees</u>. Street trees shall be installed in accordance with Planning Code Section 143 and 827(g)(2), which provides specific requirements regarding the location of the trees relative to curb, the specifications of the planted street tree, and the planted street tree sidewalk opening, and irrigation.
- 12. <u>Trash receptacles and dumpsters</u> shall not be stored on public property or in project common open space, and they shall be screened from public view.
- 13. Mechanical equipment and appurtenances shall be enclosed in such a manner that (a) the enclosure is designed as a logical extension of the building form and an integral part of overall building design and (b) its cladding and detailing is comparable in quality to the rest of the building. Any such enclosures may have openings necessary for proper ventilation of equipment.

AFFORDABLE UNITS

- 14. The project shall comply with the inclusionary housing requirements set forth in Section 315 through 315.9 of the Planning Code and, if the applicant chooses to comply by providing units on site, shall provide 85 Below Market Rate (BMR) units.
- 15. If the Applicant chooses to provide units off-site, the Applicant shall comply with the requirements of Section 315.5.
- 16. If the Applicant chooses to pay a fee in-lieu of providing units, the Applicant shall comply with the requirements of Section 315.6.
- 17. If BMR units are provided on-site, the BMR units shall be designated on the building plans prior to approval of any building permit. BMR units shall (1) reflect the unit size mix of the market rate units, (2) shall be constructed and marketed concurrently with the construction and sale of the market rate units, and (3) shall be of the same quality and

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materials as the market rate units in the project. If the BMR units are provided on-site, prior to issuance of the Building Permit, the Project Sponsor shall record a Notice of Special Restriction on the property, which records a copy of this Motion and identifies the BMR units satisfying the requirements of this Motion. The Project Sponsor shall promptly provide a copy of the recorded Notice of Special Restriction to the Department and to the Mayor's Office of Housing or its successor (MOH), the monitoring agency for the BMR unit, at 25 Van Ness Avenue, Suite 600, San Francisco, California 94102.

IMPACT FEES

18. The project shall comply with the provisions of Planning Code Section 318, including payment of the Rincon Hill Community Infrastructure Impact Fee or execution of a Waiver Agreement with the Planning Department prior to issuance of the first site or building permit, and payment of the SOMA Community Stabilization Fee within six months after issuance of the Final Certificate of Occupancy.

PARKING AND CIRCULATION

- 19. <u>Sale of Parking Space Separate from Sale or Rental of Unit</u>. Residential parking spaces shall be made available to buyers or renters (depending on whether the building is ultimately a condominium or rental development) as a separate "add-on" option for purchase or rent, rather than having the parking space bundled with each unit in accordance with procedures and specification of Planning Code Section 167.
- 20. <u>Car Share Space</u>. The Project Sponsor shall provide space at no cost for at least four car share spaces, to be operated by car-share organization (as defined by Planning Code Section 166(a)(2)) in accordance with Planning Code Section 166.
- 21. <u>Bicycle Easement.</u> At the request of the California Department of Transportation and in order to accommodate a planned future bicycle/maintenance pathway on the north side of the west span of the Bay Bridge, the project sponsor (or successor homeowners association) shall grant to Caltrans when requested a permanent airspace easement above the ground level of the southwest corner of the project site, generally as shown in Comments and Responses Figure 1 of the Final EIR.

MONITORING AND VIOLATION

22. Violation of the conditions noted above or any other provisions of the Planning Code may be subject to abatement procedures and fines up to \$500 a day in accordance with Code Section 176.

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- 23. Should implementation of this Project result in complaints from neighborhood residents or business owners and tenants, which are not resolved by the Project Sponsor and are subsequently reported to the Zoning Administrator and found to be in violation of the City 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 report such complaints to the City Planning Commission which may thereafter hold a public hearing on the matter in accordance with the hearing notification and conduct procedures as set forth in Sections 174, 306.3 and 306.4 of the Code to consider revocation of this Conditional Use Authorization.
- 24. Should the monitoring of the conditions of approval contained in Exhibit A of this Motion be required, the Project Sponsor or successor's shall pay fees as established in Planning Code Section 351(f)(2)

MITIGATION MONITORING PROGRAM

25. The mitigation measures set forth in the Final EIR and outlined in the Mitigation Monitoring Program (Exhibit C) are incorporated into these Conditions of Approval by reference.

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Urban Pacific Investors, LLC

6335 El Camino del Teatro La Jolla, CA 92037 Tel: (858)551-5850 Fax: (858) 551-5851

May 16, 2012

Hon. Rodney Fong, President San Francisco Planning Commission 1650 Mission Street, 4th Floor San Francisco, CA 94103

Re:

One Rincon Hill, Phase 2 at 401 Harrison Street (Case No. 2012.0556X)

Application to extend performance period of prior approval

Hearing: May 24, 2012

Dear President Fong and Commissioners:

In 2005, the Planning Commission approved a Section 309.1 authorization for construction of the One Rincon Hill project, consisting of the 550-foot tall Phase 1 tower at 425 First Street and the 450-foot tall Phase 2 tower at 401 Harrison Street (Motion No. 17077).

As you know, the 390-unit Phase 1 tower and podium townhouses are built and 95% of the units have been sold and occupied. To date, it is the only tower contemplated by the 2005 Rincon Hill Area Plan to be constructed. We are ready to begin construction of the Phase 2 tower in June 2012 (containing 299 units) and are before the Commission on May 24 for a simple extension of the 2005 entitlement so that the Phase 2 site permit can issue. A new equity investor is in place, we have a construction loan commitment from Pacific Life, a national life insurance company, a construction contract has been signed with Webcor Builders, and architectural plans are complete, such that this extension is the last step needed before we break ground on Phase 2. No other changes to the 2005 approval are sought.

The reason we need this extension is that Planning Code Section 309.1(e) specifies that, for multi-tower projects in Rincon Hill, the Commission must approve an extension of the entitlement if more than 18 months passes between the issuance of the Certificate of Final Completion for the first tower and commencement of construction of the second tower: "[T]he Planning Commission shall hold a hearing requiring the tower project sponsor to report on the construction progress of the subject tower project or phase. If the Commission finds that the tower project or phase does not meet the progress requirement of Subsection (e)(1), the Commission may revoke or extend, up to a maximum of 12 months for each extension, the approvals for the tower project or phase." The Planning Department recently determined that a Phase 1 certificate DBI issued in 2010 was indeed a CFC (we had thought it was not), such that

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the provisions of Section 309.1(e) became effective, and a formal Planning Commission extension is now needed.

Phase 1. Before going in to the details of construction progress we have made for Phase 2, let me review the benefits the City has obtained through construction of Phase 1. Besides providing 390 new homes, nearly all of which are occupied by full-time San Francisco residents and marking Rincon Hill as the location of a new downtown residential neighborhood, Phase 1 paid the following in fees to the City, totaling over \$21 million.

Phase 1 Fee	Year of Payment	Amount
Affordable Housing In Lieu Fee	2005	\$11,026,146
Rincon Hill Infrastructure Impact Fee	2006	\$4,462,706
SOMA Stabilization Fund Fee	2005 and 2009	\$5,415,905
School Fee	2006	\$858,449
TOTAL		\$21,763,206

Phase 1 also implemented the streetscape improvements on First and Harrison Streets as specified in the Rincon Hill Area Plan and was reimbursed just over \$1.5 million from the Rincon Hill Infrastructure Impact Fund for that off-site work, through an in-kind agreement approved by the Commission in 2009 (Motion No. 17836).

2008-2012. As you are well aware, the last four years of recession have been challenging for residential developments nationwide, particularly for large projects that require a substantial equity investment and a large construction loan. During this period, the Commission has granted several extensions to all of the other Rincon Hill tower projects, none of which has yet to commence construction, much less complete a phase. I believe each of those extensions has been unanimously approved without opposition.

<u>Phase 2</u>. Despite the challenges brought on by the recession, we have made steady progress to prepare to build Phase 2 once the world financial markets were ready to again finance large residential construction. That time has now arrived. We have all of the pieces in place to start Phase 2. Recent milestones are summarized below:

• In February 2011, CBRE Investors, the equity investor in the Phase 1 and Phase 2 ownership entities, began taking steps to sell its Phase 2 partnership interest.

- In February 2012, Principal Global Investors, an affiliate of Principal Financial Group, a global financial services company, purchased the Phase 2 interest from CBRE Investors.
- Principal Global Investors retained us to work with them to develop the Phase 2 tower.
- On April 24, 2012, we finalized a commitment letter for a construction loan from Pacific Life, a major national insurance company and construction lender.
- We issued a letter of authorization to Webcor Builders and preconstruction is underway.
- Phase 2 is already fully designed by SCB Architects, designer of the Phase 1 tower.
- The Site Permit plans have been circulated within the Building and Planning Departments and can be finally approved once the Commission grants this extension.
- The target date for pulling the Site Permit and a shoring permit for Phase 2 is June 11, 2012, upon expiration of the 15-day appeal period for this extension.
- The target start date to begin shoring has been set for June 11, 2012.

Like Phase 1, Phase 2 will pay the City substantial affordable housing fees and other impact fees (all of which have escalated significantly since completion of the Phase 1 tower) to continue the transformation of Rincon Hill to a complete residential neighborhood and provide other benefits to the South of Market community. Estimates of these fees are as follows, which total over \$84,000 per unit:

Phase 2 Fee	Fee per Gross Square Foot	Estimated Amount
Affordable Housing In Lieu Fee	Based on units, not sf	\$15,090,879
Rincon Hill Infrastructure Impact Fee	\$9.15	\$4,035,150
SOMA Stabilization Fund Fee	\$11.65	\$5,140,726
School Fee	\$2.24	\$988,431
TOTAL		\$25,255,186

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Particularly with the demise of the San Francisco Redevelopment Agency, Affordable Housing In Lieu Fees provide one of the few remaining sources of local affordable housing funds for the Mayor's Office of Housing.

In addition, Webcor estimates that Phase 2 will create about 1,000 on-site construction jobs, over 800 off-site jobs, and a union payroll estimated at between \$24 and \$28 million. The project will provide steady work for building trades union workers who have been severely affected by the recession.

We believe we have more than met the progress standards of Section 309.1(e) for a 12-month extension and request that the Commission extend the permit, just as it has done for the other Rincon Hill towers on multiple occasions, and permit us to begin construction in June. Please contact any of the following individuals if we can provide you with additional information prior to the May 24 hearing:

Mike Kriozere (848) 551-5850

Chris Collins (415) 309-7504

Jim Chappell (415) 285-0910

Steve Vettel (415) 954-4902 (before May 18); Ilene Dick thereafter (415) 954-4958

Sincerely.

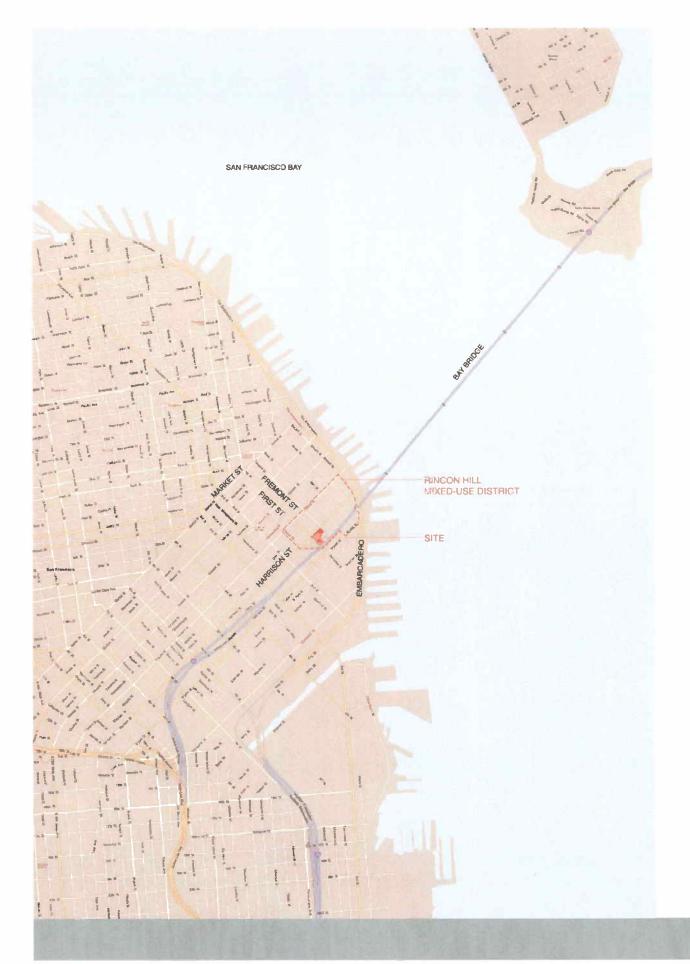
Muller Musell
Michael Kriozere

cc:

John Rahaim, Planning Director Mathew Snyder, Planning Department Principal Global Investors Chris Collins Jim Chappell Steven L. Vettel Ilene Dick







General Project Information (Phase 2)

Gross Building Area: 485,378 SF

Building Height: 450'-0"

No. of Units: 299

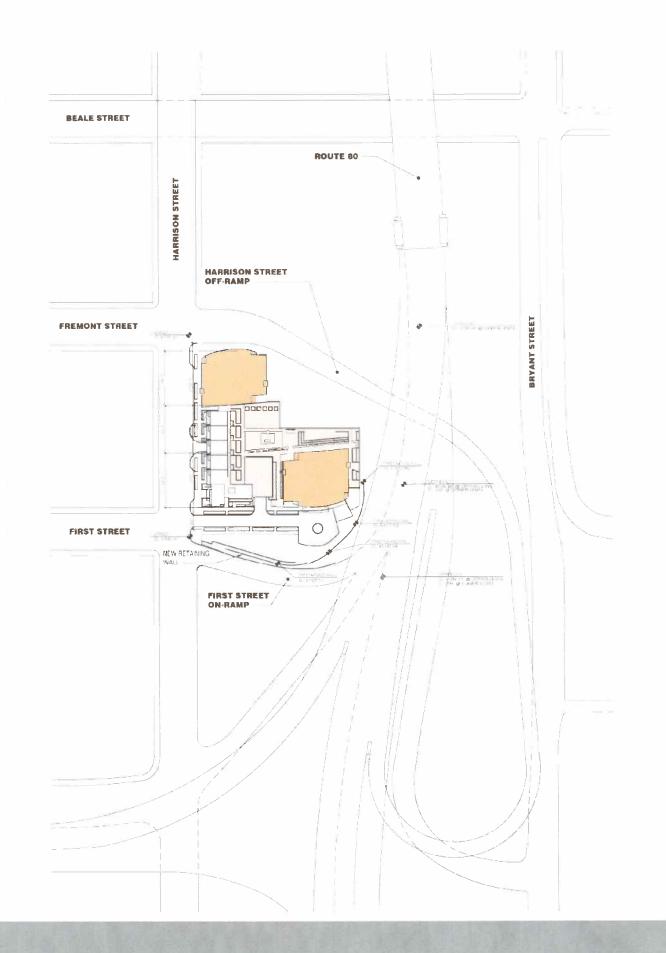
Parking stall count: 19

Loading Bay Provisions: (2) 35' trucks

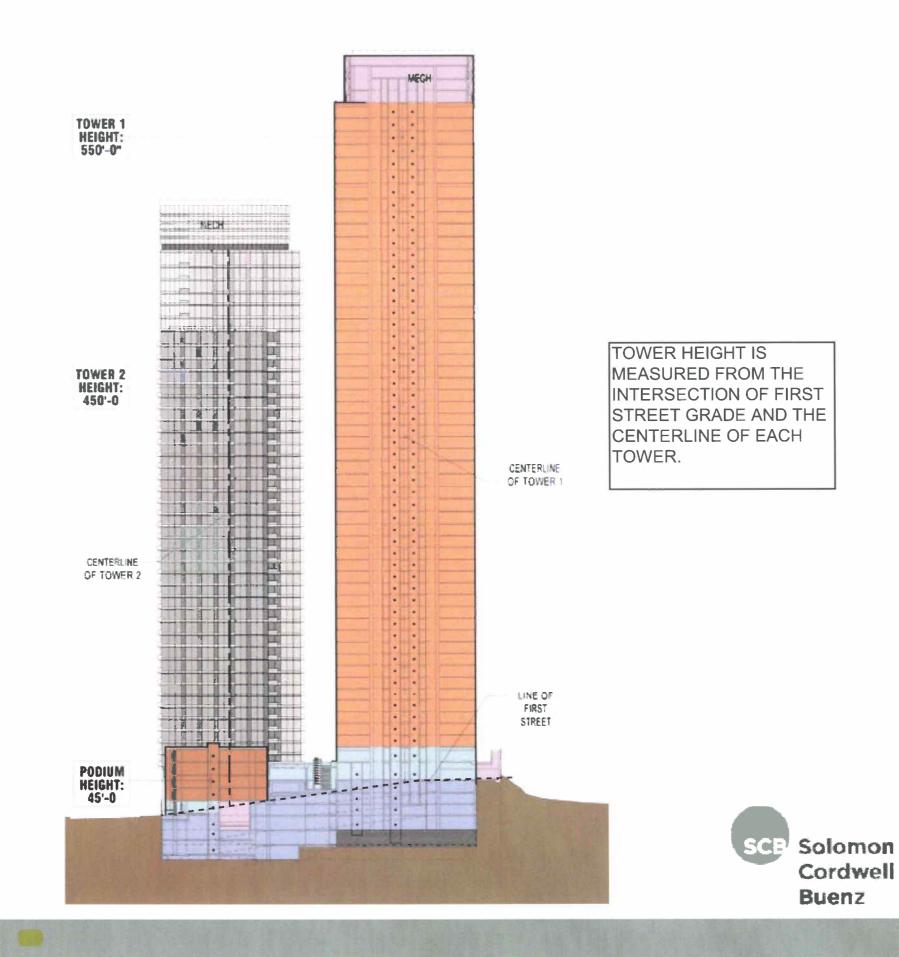
Bicycle Storage Total: 42

Residential Net Total: 341,826 SF



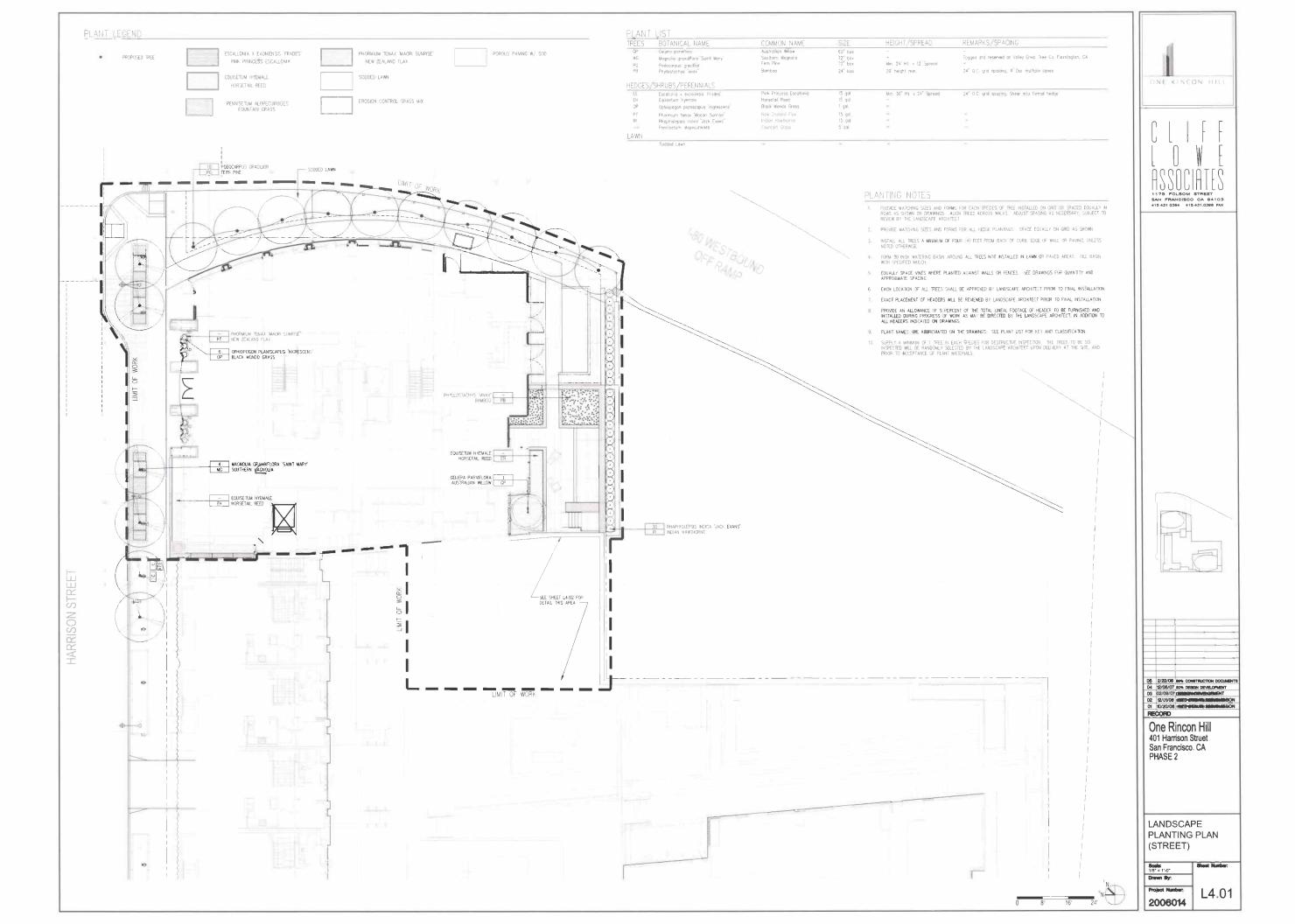


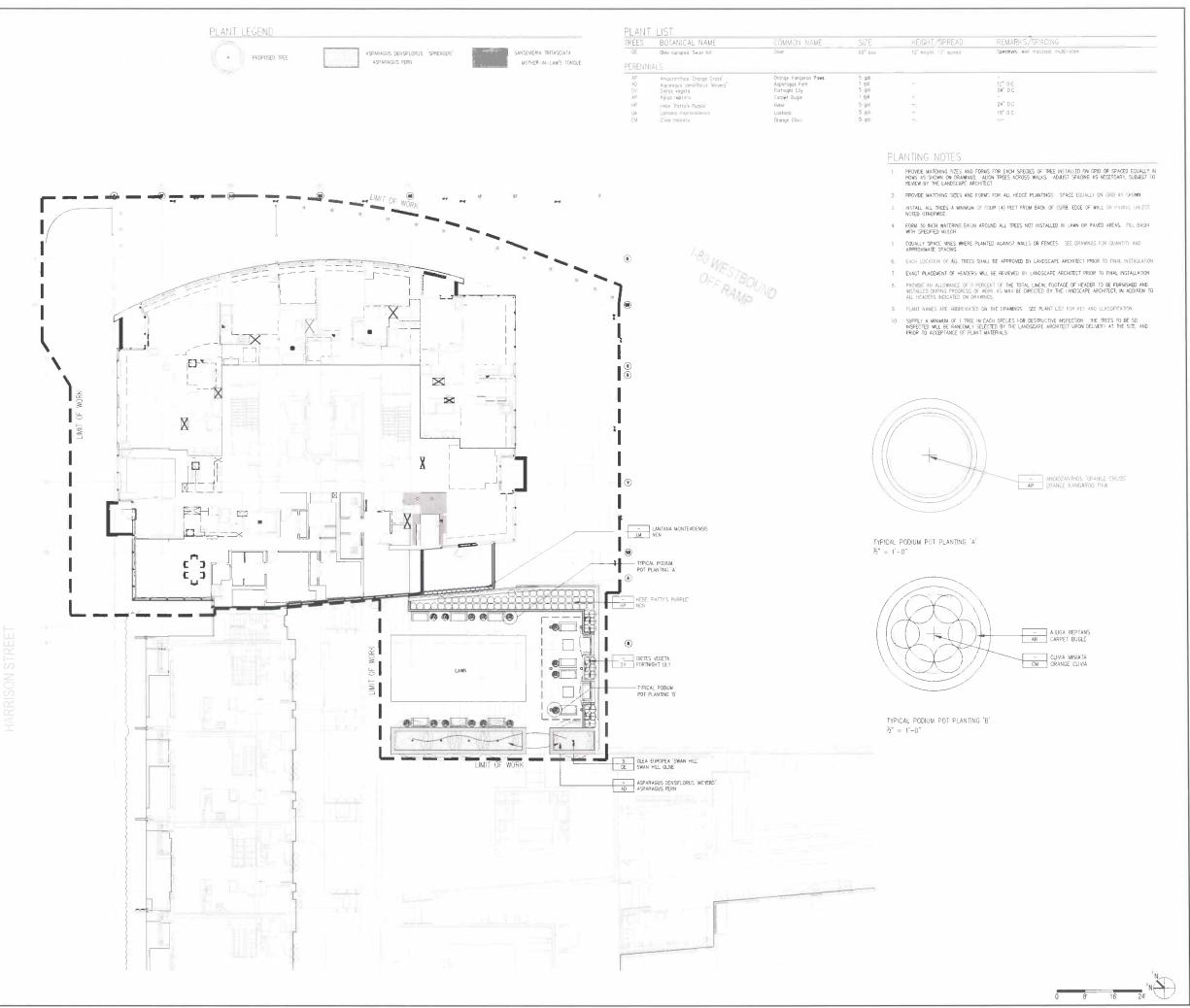














ONE RINCON HILL



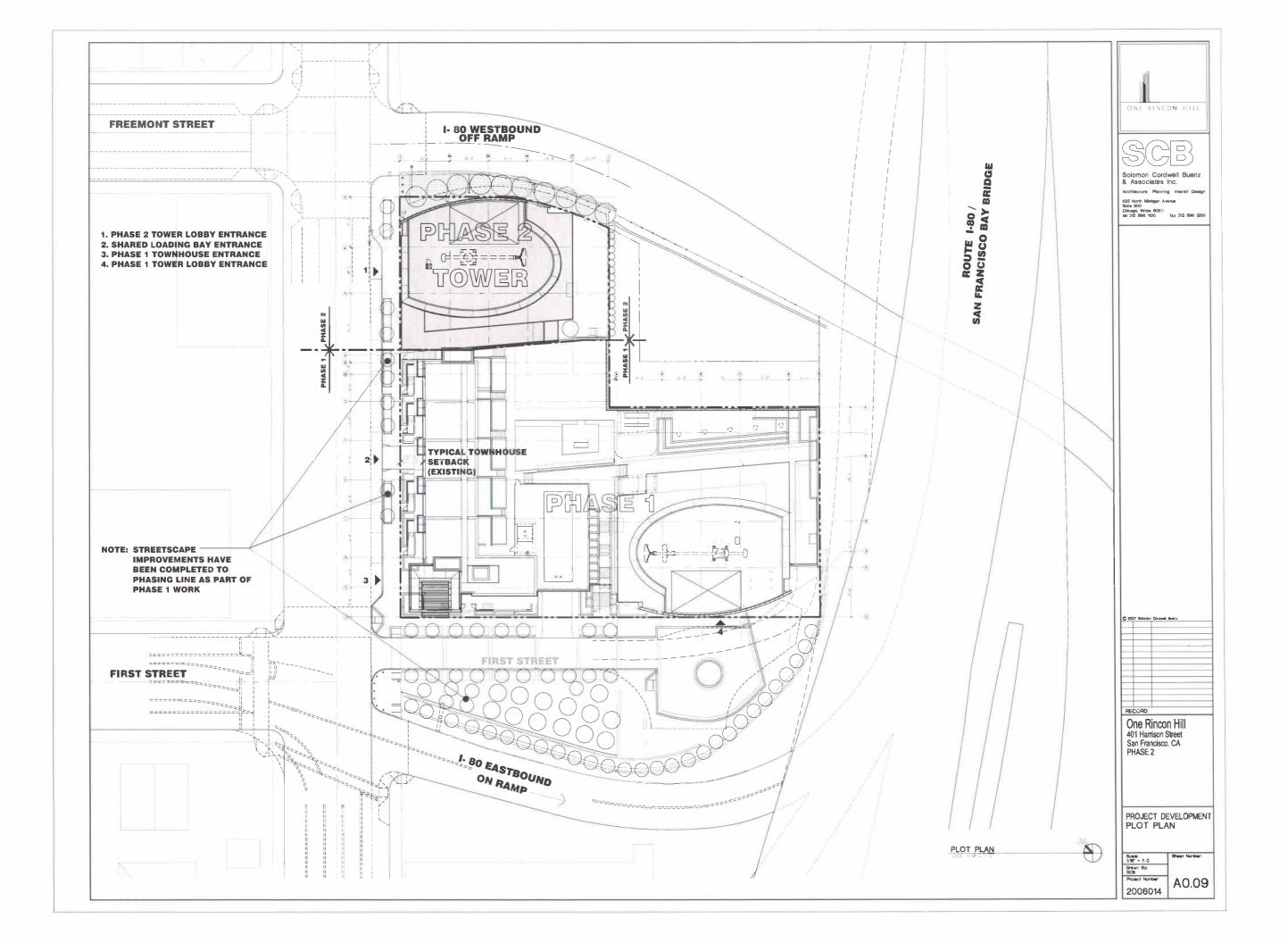


05 2/22/08 99% CONSTRUCTION DOCUM 04 12/05/07/ 50% DESIGN DEVELOPMENT 03 12/05/07 DESIGN DEVELOPMENT 02 12/05/08 SITE PERMIT REQUIRESSION 01/20/08 SITE PERMIT REQUIRESSION REPCORD RECORD

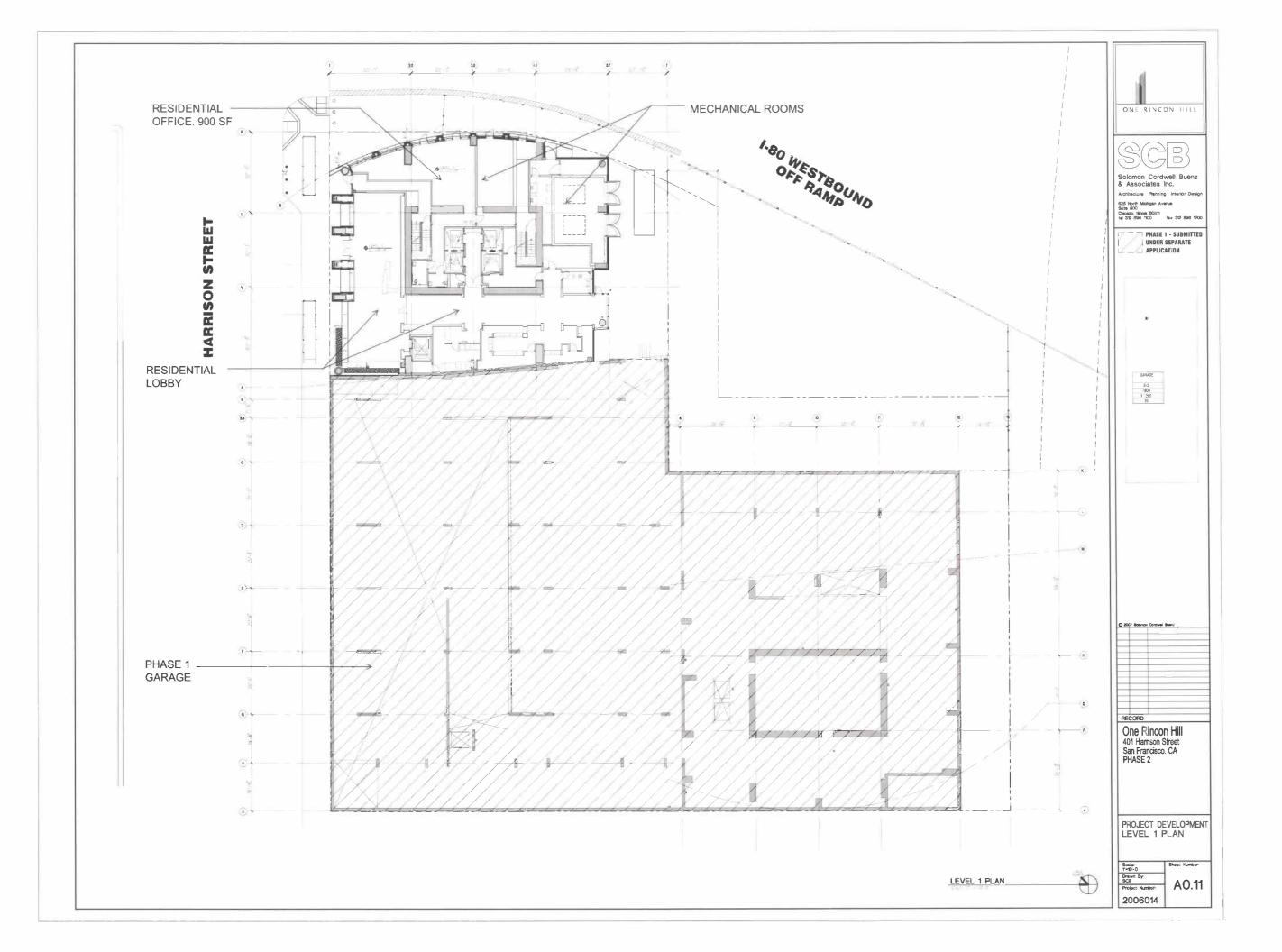
One Rincon Hill 401 Harrison Street San Francisco. CA PHASE 2

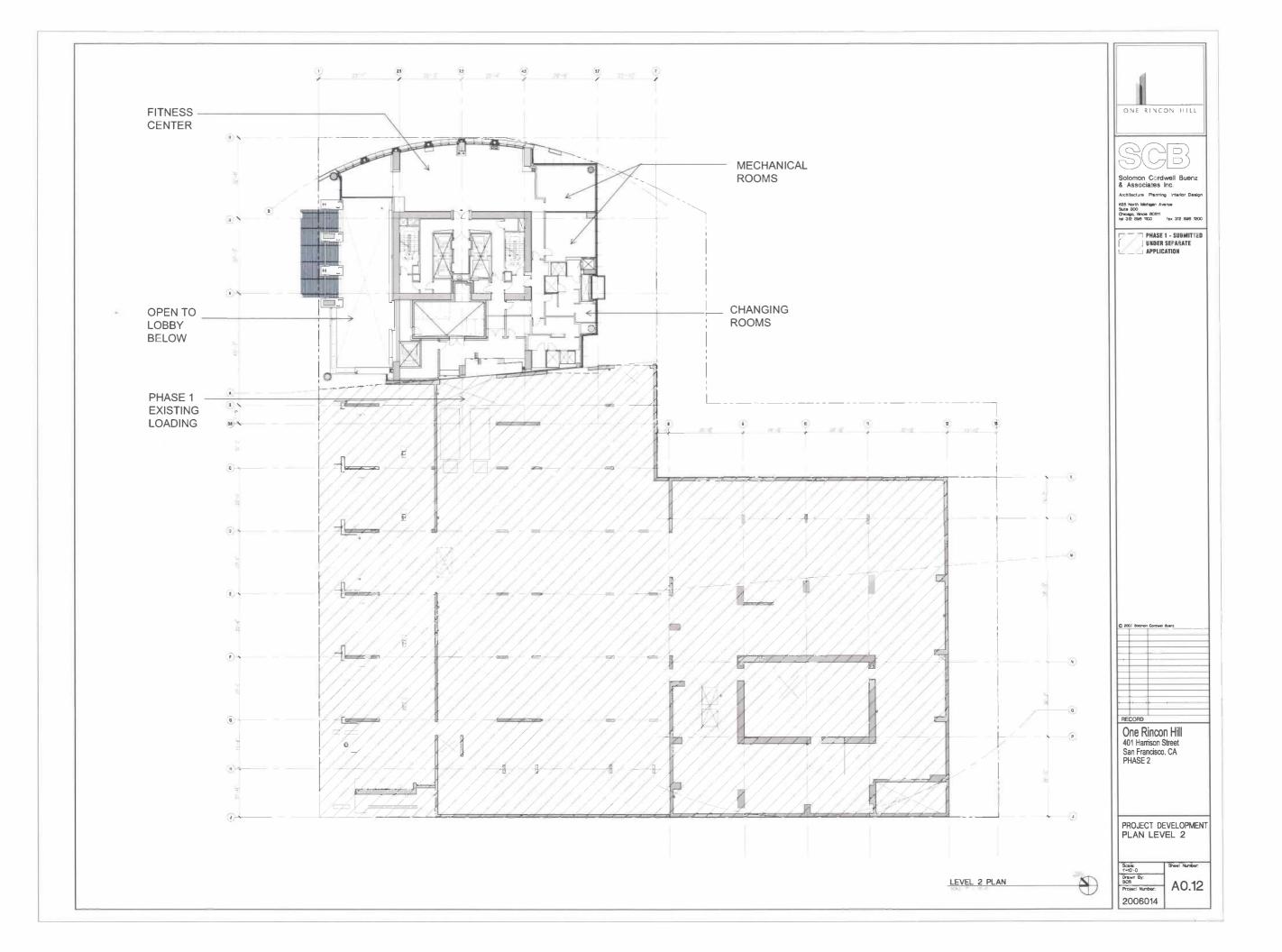
LANDSCAPE PLANTING PLAN (PODIUM)

Socie: 1/8" = 1'-0" Drawn By: L4.02 2006014

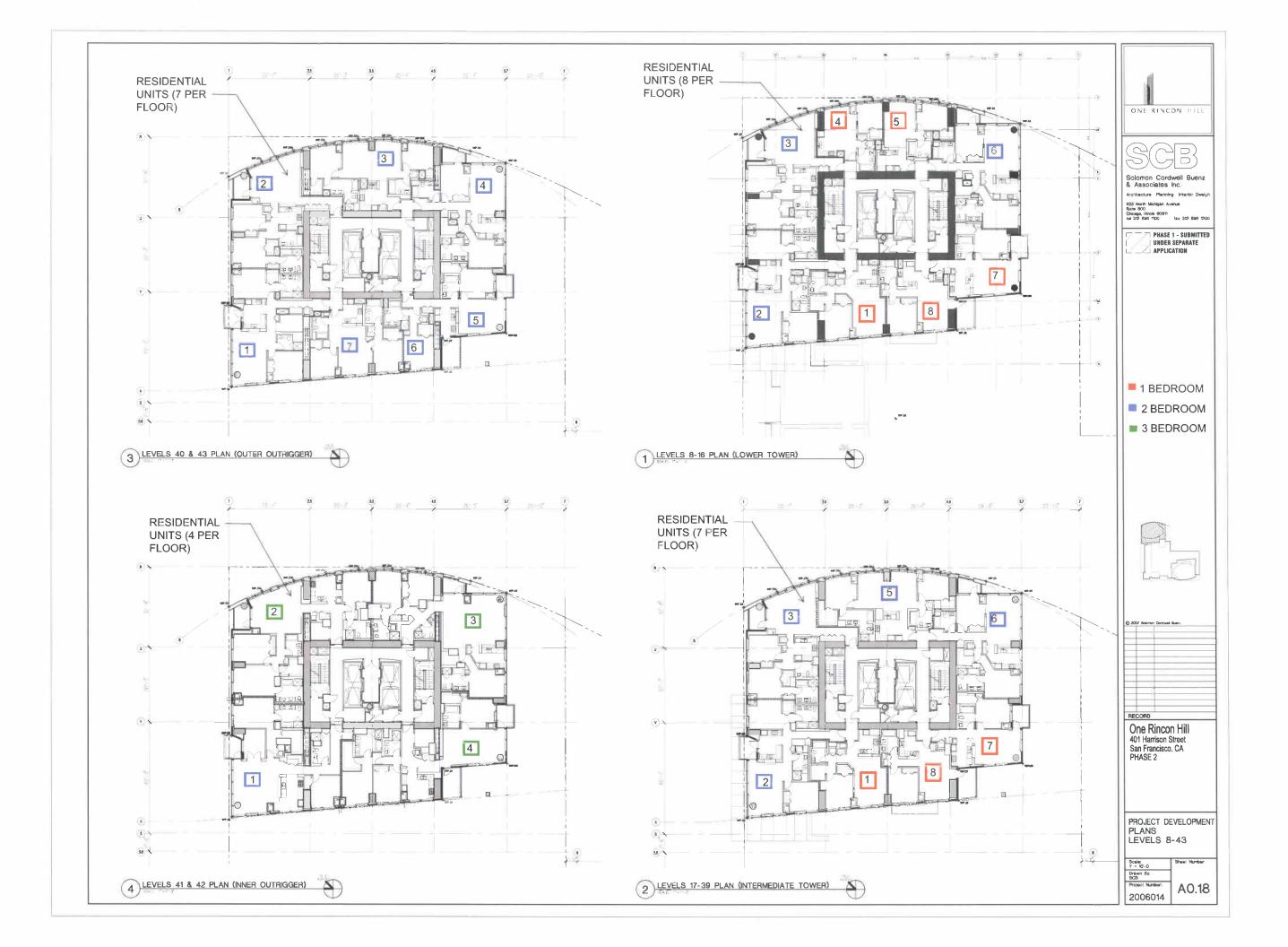


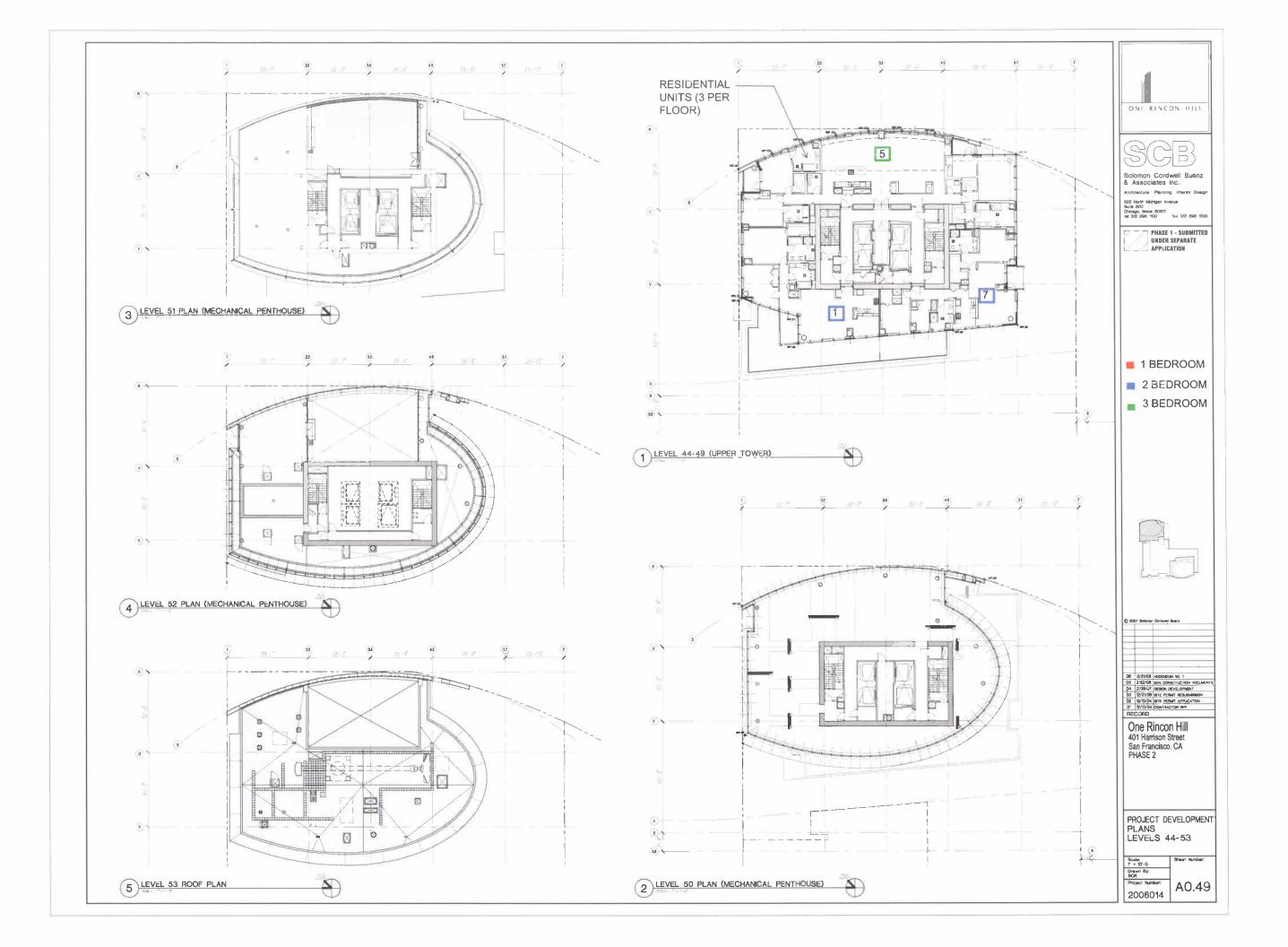


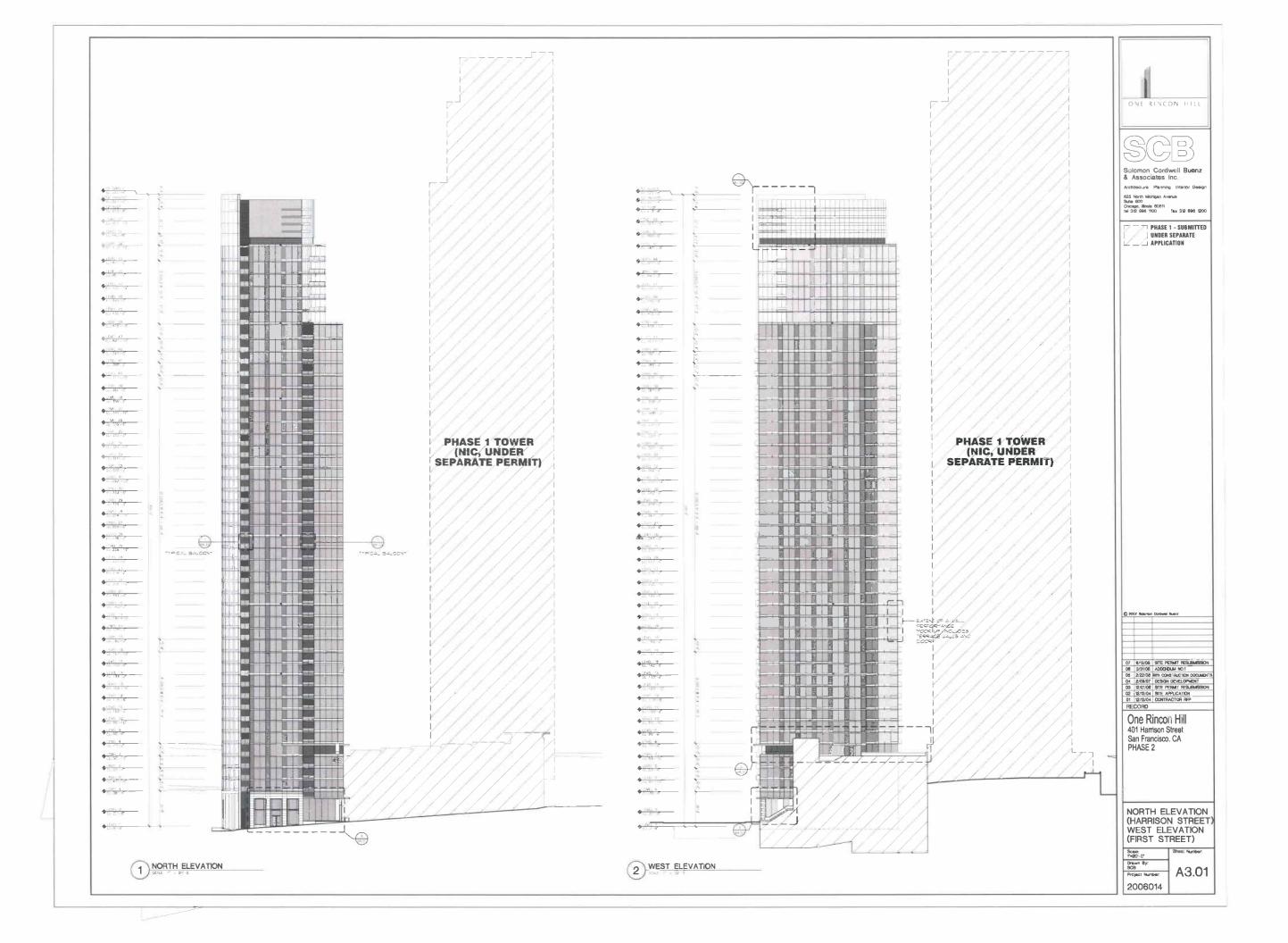


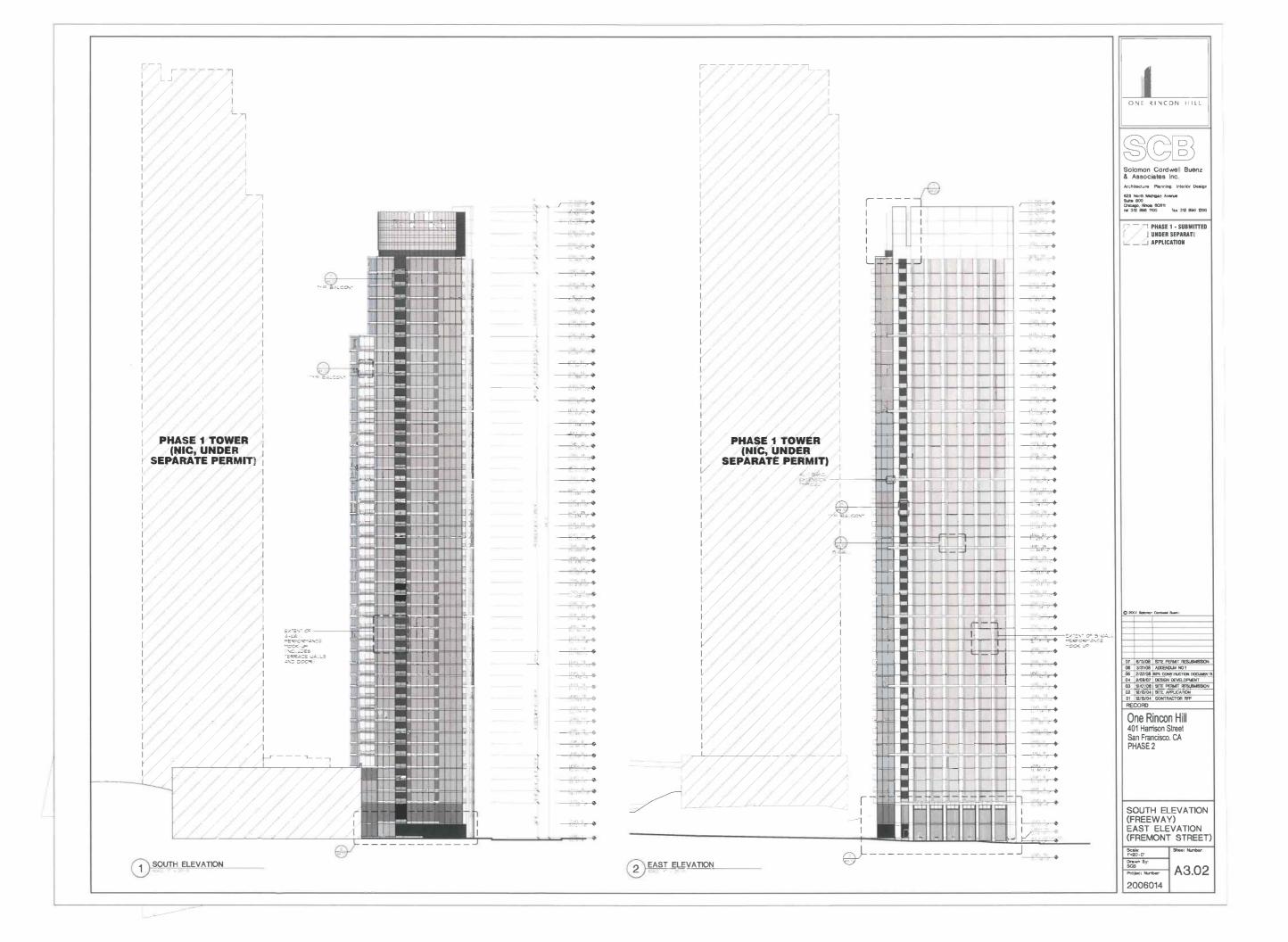


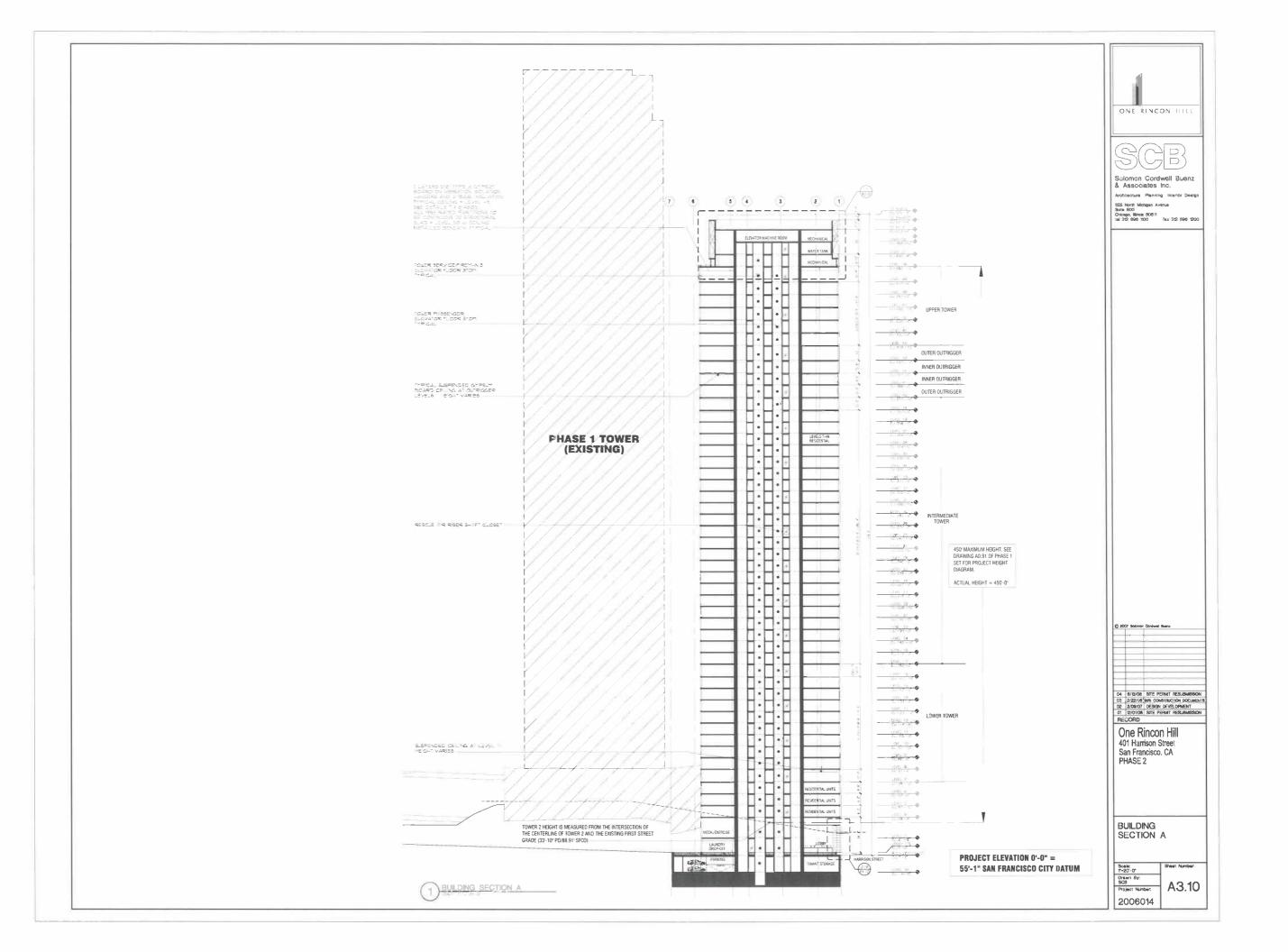


















PHASE 1 LOBBY DROP-OFF COURT (EXISTING)





PHASE 1 LOBBY (EXISTING)





PHASE 1 & 2 SHARED AUTO DROF-OFF COURT (EXISTING)





FIRST STREET TOWNHOUSE & GARAGE ENTRY (EXISTING)





HARRISON STREET TOWNHOUSE ELEVATIONS (EXISTING)





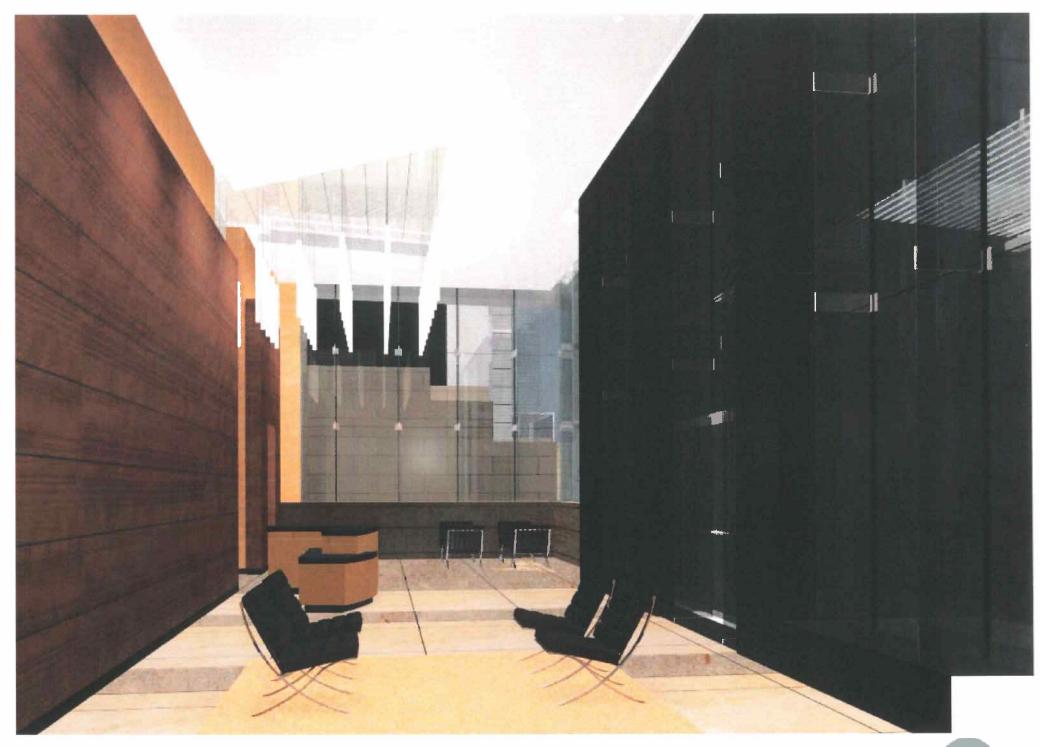
VIEW OF PHASE 1 & 2 FROM HARRISON AND FIRST STREET





PHASE 2 TOWER LOBBY ENTRANCE FROM HARRISON STREET





PHASE 2 LOBBY





PHASE 1 & 2 VIEW FROM NW





PHASE 1 & 2 VIEW FROM SE





