



SAN FRANCISCO PLANNING DEPARTMENT

Executive Summary Planning Code Text Change HEARING DATE: SEPTEMBER 17, 2014

Project Name: Office Conversion Controls In Landmark Buildings
Case Number: 2014.1249T [Board File No. 140876]
Initiated by: Supervisor Cohen
Staff Contact: Steve Wertheim, Citywide Planning
steve.wertheim@sfgov.org, 415-558-6612
Reviewed by: Joshua Switzky, Citywide Planning
joshua.switzky@sfgov.org, 415-575-6815
Timothy Frye, Preservation Coordinator
tim.frye@sfgov.org, 415-575-6822
Recommendation: **Recommend Approval of the Draft Ordinance**

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

Reception:
415.558.6378

Fax:
415.558.6409

Planning
Information:
415.558.6377

PLANNING CODE AMENDMENT

The proposed Ordinance would amend the Planning Code by revising Sections 219 and 803.9 to limit the conversion of designated landmark buildings to office use in PDR-1-D and PDR-1-G Districts.

The Way It Is Now:

- Per Planning Code Section 219, office uses are principally permitted in designated Article 10 landmark buildings in PDR-1-D and PDR-1-G Districts. Office uses are otherwise not permitted in PDR districts.

The Way It Would Be:

The proposed Ordinance would limit the amount of office uses that would be permitted in designated landmark buildings in PDR-1-D and PDR-1-G Districts as follows:

- For one-story buildings, no office uses would be allowed
- For two- to four-story buildings, one story of office would be allowed.
- For five- to seven-story buildings, two stories of office would be allowed.
- For eight or more story buildings, three stories of office would be allowed.
- Office would not be allowed on the ground floor of any building.

ISSUES AND CONSIDERATIONS

General Plan Policies Support Both PDR and Historic Resources

The PDR-1-D and PDR-1-G Districts are contained within the Central Waterfront, Mission, and Showplace Square/Potrero Hill Area Plans. All three of these plans emphasize that the City should

protect and promote PDR activities by prohibiting new housing and limiting new office and retail space (Policy 1.1.1 in all three Area Plans). Simultaneously, all of these plans recommend that the City should support the viability of historic buildings by offering preservation incentives such as flexibility in use controls (Policy 8.2.3 in all three Area Plans).

The Incentives for Adaptive Reuse are Substantial

City law as codified in the Planning Code provides a substantial preservation incentive to convert historic buildings in the PDR-1-D and PDR-1-G Districts to office use. This is because office uses pay substantially higher rents compared to the production, distribution, and repair (PDR), and other uses that are also permitted in these buildings.

There are Numerous Potential Article 10 Landmark Buildings in the PDR-1-D and PDR-1-G Districts

Currently, there are no designated Article 10 landmark buildings in the PDR-1-D and PDR-1-G Districts. Based on a preliminary assessment historic surveys completed since the adoption of these controls that permit conversion, there appear to be at least 14 landmark-caliber buildings in PDR districts totaling approximately 1 million square feet of space.

The Demand for PDR Space is Substantial

Demand for PDR space continues to be strong, and vacancy rates in the PDR Districts continue to be low. The loss of 1 million square feet of PDR space could have substantial impacts on the price of rent for remaining spaces.

The Potential Article 10 Landmark Buildings are not all in the Same Condition

Preliminary observation of potential Article 10 landmark buildings in the PDR-1-D and PDR-1-G Districts reveals that some have been maintained to a higher degree than others.

REQUIRED COMMISSION ACTION

The proposed Resolution is before the Commission so that it may recommend adoption, rejection, or adoption with modifications to the Board of Supervisors.

RECOMMENDATION

The Department recommends that the Commission recommend *approval* of the proposed Ordinance and adopt the Draft Resolution to that effect.

BASIS FOR RECOMMENDATION

Under current City law and economic conditions, it is foreseeable that up to a million square feet of PDR space could be converted to office in PDR Districts. This would fulfill the City's policy to support the viability of historic buildings, but runs counter to the City's policy of protecting space for PDR.

The proposed legislation attempts to solve this conundrum by retaining some use flexibility for landmark properties while limiting the amount of PDR space that can be converted to office. It would do so by reducing the amount of space that can be converted to office in order to maintain some PDR space. As such, landmark buildings would receive some flexibility in permitted uses to allow for adaptive reuse, while a substantial PDR presence would remain.

The mechanism proposed in the legislation is vertical floor control, in which a certain number of floors would be permitted to convert to office, depending on the total number of floors in the building. This mechanism has been in place for a number of years in the Mixed-Use General (MUG) and Urban Mixed Use (UMU) Districts, and has proven to be relatively simple to understand and implement.

The impact of the legislation cannot be known with certainty, as there are currently no designated landmark buildings in the PDR-1-D and PDR-1-G Districts. However, an analysis of the buildings preliminarily identified as being potential landmarks determined that, were the proposed legislation to be implemented, the maximum displacement of PDR in these buildings would be approximately 330,000 square feet – 67% less than under existing controls.

To ensure that the conversion from PDR to office enhances the viability of landmark buildings, the City may consider requiring an economic report from buildings seeking office allocation detailing how such conversion will support their maintenance and rehabilitation needs. The City may also consider developing a policy on how those economic reports will be utilized in allocating office space, although any such policy will need to recognize the inherent challenges of compiling and assessing such a report, and that there may be rapidly shifting variables (such as office rents) that could diminish the value of the report over time.

ENVIRONMENTAL REVIEW

The proposed Ordinance is not a project under California Environmental Quality Act (“CEQA”), Public Resources Code sections 15378 and 15060(c) because it does not result in a physical change to the environment. For more information, see Attachment C.

PUBLIC COMMENT

The Planning Department has not received any public comment on this item as of September 10, 2014.

RECOMMENDATION:	Recommendation of Approval
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Attachments

- A. Proposed Ordinance – BOS 140876
- B. Draft Historic Preservation Commission Resolution
- C. Environmental Documentation

Attachment A – Proposed Ordinance 140876

1 [Planning Code - Office Conversion Controls In Landmark Buildings]

2
3 **Ordinance amending the Planning Code to place vertical controls on the conversion of**
4 **designated landmark buildings to office use in PDR-1-D and PDR-1-G Districts; and**
5 **making environmental findings, and findings of consistency with the General Plan, and**
6 **the eight priority policies of Planning Code, Section 101.1.**

7 NOTE: **Unchanged Code text and uncodified text** are in plain Arial font.
8 **Additions to Codes** are in *single-underline italics Times New Roman font*.
9 **Deletions to Codes** are in *strikethrough italics Times New Roman font*.
10 **Board amendment additions** are in double-underlined Arial font.
11 **Board amendment deletions** are in ~~strikethrough Arial font~~.
12 **Asterisks (* * * *)** indicate the omission of unchanged Code
13 subsections or parts of tables.

14 Be it ordained by the People of the City and County of San Francisco:

15 Section 1.

16 (a) The Planning Department has determined that the actions contemplated in this
17 ordinance comply with the California Environmental Quality Act (California Public Resources
18 Code Sections 21000 et seq.). Said determination is on file with the Clerk of the Board of
19 Supervisors in File No. _____ and is incorporated herein by reference. The Board of
20 Supervisors hereby affirms this determination.

21 (b) On _____, the Planning Commission, in Resolution No. _____, adopted
22 findings that the actions contemplated in this ordinance are consistent, on balance, with the
23 City's General Plan and eight priority policies of Planning Code Section 101.1. The Board
24 adopts these findings as its own. A copy of said Resolution is on file with the Clerk of the
25 Board of Supervisors in File No. _____, and is incorporated herein by reference.

1 Section 2. The Planning Code is hereby amended by revising Section 219, to read as
 2 follows:

3 **SEC. 219. OFFICES.**

4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	20	21	22	23	24	25
C-1	C-2	C-3-O	C-3-O (SD)	C-3-R	C-3-G	C-3-S	C-M	M-1	M-2	PDR-1-G	PDR-1-D	PDR-1-B	PDR-2								
														SEC. 219. OFFICES.							
P	P	P	P	P	P	P	P	P	P	NP, unless in a designated land-mark building. P in designated land-mark buildings, <u>subject to Section 803.9(h).</u>	NP, unless in a designated land-mark building. P in designated land-mark buildings, <u>subject to Section 803.9(h).</u>	P*#	P*#	(a) Professional and business offices, as defined in 890.70, not more than 5,000 gross square feet in size and offering on-site services to the general public.							
P	P	P	P	C	P	P	P	P	P	NP, unless in a designated land-mark building. P in designated land-mark buildings, <u>subject to Section 803.9(h).</u>	NP, unless in a designated land-mark building. P in designated land-mark buildings, <u>subject to Section 803.9(h).</u>			(b) Professional and business offices, as defined in 890.70, larger than 5,000 gross square feet in size and offering on-site services to the general public.							
P	P	P	P	C	P	P	P	P	P	NP, unless in a desig-	NP, unless in a desig-	P under 5,000	P under 5,000	(c) Other professional and							

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										nated land- mark build- ing. P in desig- nated land-mark build- ings, <u>subject to</u> <u>Section</u> <u>803.9(h).</u>	nated land- mark build- ing. P in desig- nated land-mark build- ings, <u>subject to</u> <u>Section</u> <u>803.9(h).</u>	gsf *#	gsf*#	business offices, as defined in 890.70, above the ground floor. In the C-3-R District, in addition to the criteria set forth in Section 303, approval shall be given upon a determinatio n that the use will not detract from the district's primary function as an area for comparison shopper retailing and direct consumer services.
P	P	C	C		C	C	P	P	P	NP, unless in a desig- nated land- mark build- ing. P in desig- nated land-mark build- ings, <u>subject to</u> <u>Section</u> <u>803.9(h).</u>	NP, unless in a desig- nated land- mark build- ing. P in desig- nated land-mark build- ings, <u>subject to</u> <u>Section</u> <u>803.9(h).</u>	P under 5,000 gsf*#	P under 5,000 gsf *#	(d) Other professional and business offices, as defined in 890.70, at or below the ground floor.
														Subject to limitations of Section

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3 Section 3. The Planning Code is hereby amended by revising Section 803.9(h), to
4 read as follows:

5 **SEC. 803.9. COMMERCIAL USES IN MIXED USE DISTRICTS.**

6 * * * *

7 (h) **Vertical Controls for Office Uses.**

8 (1) **Purpose.** In order to preserve ground floor space for production,
9 distribution, and repair uses and to allow the preservation and enhancement of a diverse mix
10 of land uses, including limited amounts of office space on upper stories, additional vertical
11 zoning controls shall govern office uses as set forth in this Section.

12 (2) **Applicability.** This Section shall apply to all office uses in the MUG and
13 UMU Districts and all office uses in buildings in the PDR-1-D and PDR-1-G Districts that are
14 designated as landmarks pursuant to Section 10 of the Planning Code, where permitted.

15 (3) **Definitions.** Office use shall be as defined in Section 890.70 of this Code.

16 (4) **Controls.**

17 (A) **Designated Office Story or Stories.** Office uses are not permitted
18 on the ground floor, except as specified in Sections 840.65A and 843.65A. Office uses may
19 be permitted on stories above the ground floor if they are designated as office stories. On any
20 designated office story, office uses are permitted, subject to any applicable use size
21 limitations. On any story not designated as an office story, office uses are not permitted.
22 When an office use is permitted on the ground floor per Sections 840.65A and 843.65A, it
23 shall not be considered a designated office story for the purposes of Subsection (h)(4)(D)
24 below.
25

1 (B) **Timing of Designation.** In the case of new construction, any
2 designated office story or stories shall be established prior to the issuance of a first building
3 permit or along with any associated Planning Commission action, whichever occurs first. In
4 the case of buildings that were constructed prior to the effective date of this Section, any such
5 story or stories shall be designated prior to the issuance of any building permit for new or
6 expanded office uses or along with any associated Planning Commission action, whichever
7 occurs first.

8 (C) **Recordation of Designation.** Notice of the designation of office
9 stories shall be recorded as a restriction on the deed of the property along with plans clearly
10 depicting the designated story or stories in relation to the balance of the building. A
11 designated office story may only be re-allocated when the designated office story is first
12 returned to a permitted non-office use and associated building modifications to the designated
13 office story are verified by the Zoning Administrator.

14 (D) **Maximum Number of Designated Stories.** The maximum number
15 of designated office stories shall correspond to the total number of stories in a given building,
16 as set forth in the table below. The designation of a particular story shall apply to the total floor
17 area of that story and no partial designation, split designation, or other such subdivision of
18 designated floors shall be permitted. For the purposes of the following table, the total number
19 of stories in a given building shall be counted from grade level at curb and shall exclude any
20 basements or below-grade stories.

21 **Table 803.9(h)**

Total Number of Stories	Maximum Number of Designated Office Stories
1-story	0 stories (office use NP)
2 - 4 stories	1-story

5 - 7 stories	2-stories
8 or more stories	3-stories

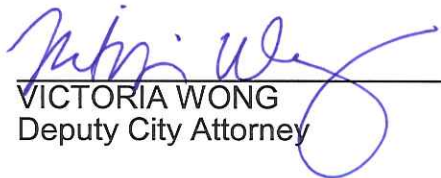
(E) For projects *in MUG and UMU Districts* with multiple buildings, consolidation of permitted office stories may be permitted, pursuant to the controls set forth in 329(d)(8).

* * * *

Section 4. Effective Date. This ordinance shall become effective 30 days after enactment. Enactment occurs when the Mayor signs the ordinance, the Mayor returns the ordinance unsigned or does not sign the ordinance within ten days of receiving it, or the Board of Supervisors overrides the Mayor's veto of the ordinance.

Section 5. Scope of Ordinance. In enacting this ordinance, the Board of Supervisors intends to amend only those words, phrases, paragraphs, subsections, sections, articles, numbers, punctuation marks, charts, diagrams, or any other constituent parts of the Municipal Code that are explicitly shown in this ordinance as additions, deletions, Board amendment additions, and Board amendment deletions in accordance with the "Note" that appears under the official title of the ordinance.

APPROVED AS TO FORM:
DENNIS J. HERRERA, City Attorney

By: 
VICTORIA WONG
Deputy City Attorney

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**Attachment B – Draft Historic Preservation
Commission Resolution**



SAN FRANCISCO PLANNING DEPARTMENT

Historic Preservation Commission Draft Resolution

HEARING DATE SEPTEMBER 17, 2014

Recommendation: **Recommend Approval**
Project Name: Office Conversion Controls In Landmark Buildings
Case Number: 2014.1249T [Board File No. 140876]
Initiated by: Supervisor Cohen
Staff Contact: Steve Wertheim, Citywide Planning
steve.wertheim@sfgov.org, 415-558-6612
Reviewed by: Joshua Switzky, Citywide Planning
joshua.switzky@sfgov.org, 415-575-6815
Timothy Frye, Preservation Coordinator
tim.frye@sfgov.org, 415-575-6822
Recommendation: **Recommend Approval of the Draft Ordinance**

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CA 94103-2479

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415.558.6378

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415.558.6409

Planning
Information:
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RECOMMENDING THAT THE BOARD OF SUPERVISORS ADOPT A PROPOSED ORDINANCE THAT WOULD AMEND THE PLANNING CODE BY REVISING SECTIONS 219 AND 803.9 TO PLACE VERTICAL CONTROLS ON THE CONVERSION OF DESIGNATED LANDMARK BUILDINGS TO OFFICE USE IN PDR-1-D AND PDR-1-G DISTRICTS, AFFIRMING THE PLANNING DEPARTMENT'S CALIFORNIA ENVIRONMENTAL QUALITY ACT DETERMINATION, AND MAKING PLANNING CODE SECTION 302 FINDINGS, AND FINDINGS OF CONSISTENCY WITH THE GENERAL PLAN AND THE PRIORITY POLICIES OF PLANNING CODE SECTION 101.1.

WHEREAS, on July 29, 2014 Supervisor Cohen (hereafter "legislative sponsor") introduced a proposed Ordinance under Board of Supervisors (hereinafter "Board") File Number 140876, which would amend the Planning Code by revising Sections 219 and 803.9, to place vertical controls on the conversion of designated landmark buildings to office use in PDR-1-D and PDR-1-G Districts;

WHEREAS, The Historic Preservation Commission (hereinafter "Commission") conducted a duly noticed public hearing at a regularly scheduled meeting to consider the proposed Ordinance on September 17, 2014; and,

WHEREAS, the Historic Preservation 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 Department staff and other interested parties; and

WHEREAS, all pertinent documents may be found in the files of the Department, as the custodian of records, at 1650 Mission Street, Suite 400, San Francisco; and

WHEREAS, the Historic Preservation Commission has reviewed the proposed Ordinance; and

MOVED, that the Historic Preservation Commission hereby recommends that the Board of Supervisors **approve the proposed ordinance.**

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. In 2008, the Board of Supervisors adopted the Eastern Neighborhoods Plan and related zoning. This legislative package is comprised of Ordinance Nos. 297-08, 298-08, and 299-08, copies of which are on file with the Clerk of the Board of Supervisors in File Nos. 081152, 081153, and 081154 respectively, and incorporated herein by reference. Since the adoption of this Plan and its associated zoning, the City has determined that the continued establishment, evolution, and adaptation of these uses demands a more responsive set of zoning controls in the Planning Code.
2. The Eastern Neighborhoods Plan in part supported the preservation of PDR (production, distribution, and repair) uses and encouraged such uses in the southeastern neighborhoods of the City.
3. The Eastern Neighborhoods Plan also supported the preservation viability of designated landmark buildings by allowing flexibility of permitted uses in such buildings by principally permitting the conversion of PDR space to office space.
4. The proposed zoning controls in the subject legislation retain an adequate amount of use flexibility and corresponding preservation incentive for maintenance and designation of landmark buildings in PDR Districts while simultaneously preserving a substantial amount of PDR uses in these buildings.

NOW THEREFORE BE IT RESOLVED that the Commission hereby recommends that the Board ADOPT the proposed Ordinance as described in this Resolution.

I hereby certify that the foregoing Resolution was adopted by the Commission at its meeting on September 17, 2014.

Jonas Ionin
Commission Secretary

AYES:

NOES:

ABSENT:

ADOPTED: September 17, 2014

Attachment C – Environmental Documentation

BOARD of SUPERVISORS



City Hall
Dr. Carlton B. Goodlett Place, Room 244
San Francisco 94102-4689
Tel. No. 554-5184
Fax No. 554-5163
TDD/TTY No. 554-5227

August 13, 2014

File No. 140876

Sarah Jones
Environmental Review Officer
Planning Department
1650 Mission Street, 4th Floor
San Francisco, CA 94103

Dear Ms. Jones:

On July 29, 2014, Supervisor Cohen introduced the following legislation:

File No. 140876

Ordinance amending the Planning Code to place vertical controls on the conversion of designated landmark buildings to office use in PDR-1-D and PDR-1-G Districts; and making environmental findings, and findings of consistency with the General Plan, and the eight priority policies of Planning Code, Section 101.1.

This legislation is being transmitted to you for environmental review.

Angela Calvillo, Clerk of the Board

A handwritten signature in cursive script, appearing to read "A. Ausberry".

By: Andrea Ausberry, Assistant Clerk
Land Use & Economic Development Committee

Attachment

c: Joy Navarrete, Environmental Planning
Jeanie Poling, Environmental Planning

Not defined as a project under CEQA Guidelines Sections 15378 and 15060(c)(2) because it does not result in a physical change in the environment.