



SAN FRANCISCO PLANNING DEPARTMENT

Subject to: (Select only if applicable)

- Inclusionary Housing
- Childcare Requirement
- Jobs Housing Linkage Program
- Downtown Park Fee
- Public Art
- Public Open Space
- First Source Hiring (Admin. Code)
- Transit Impact Development Fee
- Other

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Planning Commission Motion 18170 Section 321/322

HEARING DATE: AUGUST 12, 2010

Date: July 22, 2010
Case No.: **2006.1106BMXZ**
Project Address: **222 SECOND STREET**
Zoning: C-3-O(SD) (Downtown Office Special Development)
350-S/150-S Height and Bulk District
3735/063
Block/Lot:
Project Sponsor: TS 222 Second Street, LP
c/o Andrew Junius of Reuben & Junius LLP
One Bush Street, Suite 600
San Francisco, CA 94104
Staff Contact: Kevin Guy – (415) 558-6163
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ADOPTING FINDINGS RELATING TO THE APPROVAL OF ALLOCATION OF OFFICE SQUARE FOOTAGE UNDER THE 2009-2010 ANNUAL OFFICE DEVELOPMENT LIMITATION PROGRAM AND PURSUANT TO SECTIONS 321 AND 322 OF THE PLANNING CODE FOR A PROPOSED PROJECT LOCATED AT 222 SECOND STREET THAT WOULD AUTHORIZE THE CONSTRUCTION OF A 350-FOOT TALL OFFICE DEVELOPMENT WITH A TOTAL OF 430,650 GROSS SQUARE FEET OF OFFICE USE ON ASSESSOR'S BLOCK 3735, LOT 063, IN THE C-3-O(SD) (DOWNTOWN OFFICE SPECIAL DEVELOPMENT) DISTRICT AND WITHIN THE 350-S/150-S HEIGHT AND BULK DISTRICT, AND ADOPTING FINDINGS UNDER THE CALIFORNIA ENVIRONMENTAL QUALITY ACT.

PREAMBLE

On September 12, 2006, Andrew Junius, acting on behalf of TS 222 Second Street LP ("Project Sponsor), submitted an Environmental Evaluation Application with the Planning Department ("Department"), Case No. 2006.1006E. The Department issued a Notice of Preparation of Environmental Review on May 19, 2007 to owners of properties within 300 feet, adjacent tenants, and other potentially interested parties.

On September 13, 2006, the Project Sponsor applied for an allocation of 430,650 square feet of office space to the project pursuant to Planning Code Section ("Section") 321 and Section 322 (Annual Office Development Limitation Program) (Case No 2006.1106B).

On January 27, 2010, the Department published a draft Environmental Impact Report (EIR) for public review. The draft EIR was available for public comment until March 15, 2010. On March 4, 2010, the Planning Commission ("Commission") conducted a duly noticed public hearing at a regularly scheduled meeting to solicit comments regarding the draft EIR. On July 8, 2010, the Department published a Comments and Responses document, responding to comments made regarding the draft EIR prepared for the Project.

On August 12, 2010, the Commission reviewed and considered the Final EIR and found that the contents of said report and the procedures through which the Final EIR was prepared, publicized, and reviewed complied with the California Environmental Quality Act (California Public Resources Code Sections 21000 et seq.) ("CEQA"), 14 California Code of Regulations Sections 15000 et seq. ("the CEQA Guidelines"), and Chapter 31 of the San Francisco Administrative Code ("Chapter 31").

The Commission found the Final EIR was adequate, accurate and objective, reflected the independent analysis and judgment of the Department and the Commission, and that the summary of comments and responses contained no significant revisions to the draft EIR, and approved the Final EIR for the Project in compliance with CEQA, the CEQA Guidelines and Chapter 31.

The Planning Department, Linda Avery, is the custodian of records, located in the File for Case No. 2006.1106E, at 1650 Mission Street, Fourth Floor, San Francisco, California.

Department staff prepared a Mitigation Monitoring and Reporting program ("MMRP"), which material was made available to the public and this Commission for this Commission's review, consideration and action.

On August 12, 2010, the Commission adopted Resolution No. 18167, recommending that the Board of Supervisors approve the General Plan Amendment to increase the height limit at the westerly portion of the project site, adopted findings pursuant to CEQA, as set forth in Exhibit B of Resolution No. 18167, and adopted the Mitigation, Monitoring, and Reporting Program, as set forth in Exhibit C of Resolution No. 18167, which are incorporated herein by this reference thereto as if fully set forth in this Motion.

On August 12, 2010, the Commission conducted a duly noticed public hearing at a regularly scheduled meeting on Case No 2006.1106B. 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, the Planning Department staff, and other interested parties.

MOVED, that the Commission hereby authorizes the Office Allocation requested in Application No. 2006.1106B, subject to the conditions contained in "EXHIBIT A" of this motion, based on the following findings:

FINDINGS

Having reviewed the materials identified in the recitals 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 subject site is a 23,925 sq. ft., roughly square, parcel located at the southwest corner of Second and Howard Streets (Lot 063 of Assessor's Block 3735). The Project Site is within the C-3-O(SD) District and a 350-S/150-S Height and Bulk Districts.

At present, the Project Site is currently occupied by a surface parking lot with a small parking lot attendant shed. The Project also contemplates the future acquisition of a portion of the adjacent property to the west (Lot 005 in Assessor's Block 3735), measuring 1,650 square feet. This portion fronts on Tehama Street, and is currently occupied by a loading dock serving the adjacent building at 631 Howard Street. This loading dock would be demolished, and the area would be utilized as a driveway ramp to access the subterranean parking for the Project.

3. **Surrounding Properties and Neighborhood.** The Project Site is located in an area characterized by dense urban development. There are many high-rise structures containing dwellings, offices, and other commercial uses. Located across Second Street is 201 Second Street, which is currently occupied by a surface parking lot but is entitled for a 19-story, 103-unit residential development with ground floor retail. The immediate vicinity around the Project Site contains several high-rise buildings, including 246 Second Street, an approximately 16-story residential building, 580-590 Folsom Street (with frontage on Second Street), an approximately 18-story building, 75 Hawthorne Street, an approximately 20-story building, and 645 Howard Street, also known as One Hawthorne, a 25-story, 189-unit mixed-use building, which was recently completed. There are numerous smaller commercial buildings in the area as well. The existing height limits in the area range from 80 feet to 550 feet.
4. **Proposed Project.** The Project proposes to demolish the existing surface parking lot and the existing loading dock on the adjacent property, and to construct a 26-story, 350-foot tall office building containing approximately 430,650 gross square feet of office space, approximately 5,000 square feet of ground floor retail space, approximately 28,000 square feet of subterranean parking area, and approximately 8,600 square feet of publicly-accessible open space
5. **Public Comment.** To date, Department staff has received been contacted by one individual in opposition to the Project, who expressed concerns with the height and compatibility of the Project compared with surrounding buildings, as well as the loss of private views.

6. **Office Allocation.** Section 321 establishes standards for San Francisco's Office Development Annual Limit. In determining if the proposed Project would promote the public welfare, convenience and necessity, the Commission considered the seven criteria established by Code Section 321(b)(3), and finds as follows:

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

There currently exists square feet of office space available for allocation to office buildings of more than 49,999 square feet of office space ("Large Buildings") during this Approval Period, which ends October 16, 2010. If the Planning Commission approves the Project with up to 430,650 square feet of office space, there would be 3,415,573 square feet of office space available for allocation. On October 17, 2010 and October 17 of each succeeding year, an additional 875,000 square feet of office space will become available for allocation to buildings of greater than 49,999 square feet of office space.

The Project would improve the balance between San Francisco's economic growth and its housing supply, by contributing to the affordable housing fund pursuant to Planning Code Section 313. The Project is also subject to the Transportation Impact Development Fee, Child Care In-Lieu Fee, and Downtown Parks Special Fund Fee, all of which will contribute to maintaining a balance between economic growth and housing, transportation and public services. Additionally, the Project would create both construction period and permanent new jobs and comply with all the requirements of the First Source Hiring Program (Chapter 83 of the Administrative Code) and Section 164 of the Planning Code to maximize employment opportunities for local residents.

Few significant office developments in the downtown area have been constructed in recent years. The Project would furnish new class-A office space, which would draw more commercial and professional services into the vicinity and further encourage economic growth.

Therefore, the Project and the allocation of square footage would provide additional resources and help maintain the balance between economic growth, housing, transportation and public services.

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

The Project is consistent with the General Plan, as discussed in Section #8 of Motion No. 18168, Case 2006.1106X (Determination of Compliance and Granting of Exceptions Under Planning Code Section 309). Overall, the Project would advance the objectives and policies of the Commerce, Urban Design, Downtown Plan, Transportation, and Environmental Protection Elements of the General Plan, and presents no significant conflicts with other elements.

III. THE QUALITY OF THE DESIGN OF THE PROPOSED OFFICE DEVELOPMENT.

The manner in which the building is separated into base, lower and upper tower divides the mass of the building into distinct elements. Above the 5th floor, the building is set back from the westerly interior property line and along the Howard Street frontage. This setback provides a distinct break between the massing of the base and the lower tower, and relates the height of the base to the older, low-scaled buildings in the vicinity. In addition, this setback reveals structural columns at the 5th floor, further strengthening the division between the base and the lower tower and introducing a new, rounded textural form. Above the 17th floor, the building is substantially set back from the Tehama and Second Street frontages, completing the visual division of the building into a distinct tripartite arrangement. The exterior skin of the building is comprised of overlapping, full-floor glass panels that. At a detailed level, the overlap of these panels provides depth and shadow to the building, and creates a dynamically shifting appearance to the building the changes depending on the orientation of the viewer.

The Project will improve and enhance the pedestrian environment by the creation of a large new public open space within the base of the building. More than 8,600 square feet of publicly accessible open space, fronting on Second and Howard Streets, will create new visual interest in an appropriate human scale. This interior space will be activated by the presence of food service and seating areas. In addition, the presence of retail uses will enliven the ground floor near the corner of Tehama and Second Streets.

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

a) Use. *The Project's proposed office and retail uses are permitted uses in the C-3-O(SD) District. The site lies two blocks south of Market Street, one block southwest of the Transbay Terminal, and one northeast of the Yerba Buena Center. Numerous office buildings exist within the immediate vicinity of the Project site and the greater Downtown area. The Project furthers the Downtown Plan's goals and objectives of concentrating office uses into a compact Downtown Core.*

b) Transit Accessibility. *The area is served by a variety of transit options. The Project site is two blocks from the Montgomery Street MUNI and BART station, approximately six blocks from the CalTrain Depot at 4th and King Streets, and just one block away from the Transbay Terminal.*

c) Open Space Accessibility. *The ground-floor open space will be easily accessible to the public as well as tenants of the Project site, and will be a desirable addition to the City's open space. It will be accessible, well designed and comfortable, providing a variety of experiences and fulfilling all requirements of the Downtown Plan and the Downtown Streetscape Plan.*

d) Urban Design. *The proposed office Project will transform the existing surface parking lot at the site into a modern office tower with publicly accessible open space and retail/restaurant use on the ground floor. The immediate vicinity contains a wide variety of building types, shapes, materials, and designs. The setback of the building at the 5th story creates a sympathetic relationship to older, lower-scaled buildings in the area, while the overall height and volumetric composition of the Project are compatible to the taller buildings generally located throughout the Downtown Core.*

e) Seismic Safety. The site is within the Seismic Hazards Zone, as defined by the California Division of Mines and Geology, adopted by the City and County of San Francisco on April 7, 1997. During a major earthquake on a segment of one of the nearby faults, strong to very strong ground shaking is expected to occur at the Project site. The sand layers below the water table have sufficient relative densities and/or clay contents to resist liquefaction. Typically the soil layers of concern for liquefaction are uncontrolled sandy fill and loose to medium dense native sand, below the groundwater level. Due to the nature of soil conditions at the project site, a mat foundation would be sufficient to support the proposed structure.

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

a) Anticipated Employment Opportunities. The Project would contribute to the employment of economically disadvantaged persons by its participation in San Francisco's First Source Hiring Program ("FSHP"). During the construction period, the Project will employ up to 300 union laborers per day with an average of 150 laborers per day over the two-year construction period. Available entry-level construction jobs would be processed through the FSHP and would benefit economically disadvantaged persons. Upon completion of construction, the Project would be occupied by commercial tenants that would create up to 1,750 new jobs. Available entry level jobs offered by these businesses must be processed through the FSHP and would benefit economically disadvantaged persons. Because of the size of the development, the Project has the potential to create significant employment opportunities.

The Project will also comply with the requirements of Planning Code Section 164, which includes city resident employment and training requirements.

b) Needs of Existing Businesses. With approximately 430,650 gross square feet of new office space, the Project is anticipated to provide for a great variety and number of tenants, thereby better serving the needs of the business community. The building's floor plates are flexible and can accommodate both small and large businesses. The Project Site is well-served by transit, and is in close proximity to other firms consolidated within the Downtown Core.

c) Available Supply of Space Suitable for Such Anticipated Uses. The project will provide class-A office space that is suitable for a variety of office uses and sizes in a Downtown location. The anticipated office uses and tenants will strengthen the City's economy and the City's position as a business hub and regional employment center.

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

The site is currently under single ownership. The anticipated tenant or tenants will be determined at a later date. However, it is not known whether the Project will be occupied by a single entity.

VII. THE USE, IF ANY, OF TRANSFERABLE DEVELOPMENT RIGHTS ("TDR's") BY THE PROJECT SPONSOR.

The Project Sponsor shall purchase the required number of TDR and secure a Notice of Use of TDR.

7. **General Plan Conformity.** The General Plan Consistency Findings set forth in Section #8 of Motion No. 18168, Case #2006.1106X (Determination of Compliance and Granting of Exceptions Under Planning Code Section 309) apply to this Motion, and are incorporated herein as though fully set forth.

8. **Priority Policy Findings.** Section 101.1(b) establishes eight priority planning policies and requires the review of permits for consistency with said policies. The Project complies with these policies, on balance, as follows:

A. That existing neighborhood-serving retail uses be preserved and enhanced and future opportunities for resident employment in and ownership of such businesses enhanced.

The Project Site does not contain any existing retail uses, and none will be displaced by the Project. The Project furthers this policy by proposing ground floor retail uses. The addition of office uses will bring new employees and visitors to the Project Site and area, which would strengthen existing neighborhood retail operations and encourage new retail opportunities in the vicinity of the Project Site.

B. That existing housing and neighborhood character be conserved and protected in order to preserve the cultural and economic diversity of our neighborhoods.

The Site is currently used as a surface parking lot, and thus, the Project will have no effect on existing housing. The Project is compatible with the character of the area, which is somewhat varied in scale, but is generally defined by intense urban development.

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

The Project will promote this policy by contributing to the City's affordable housing supply by complying with the Section 314 Jobs-Housing Linkage Program.

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

The Project Site is situated in the downtown core and is well served by public transit. The Project Site is located just two blocks from Market Street, a major transit corridor that provides access to various Muni and BART lines. In addition, the Project Site is within one block from the proposed Transbay Terminal (approximately two blocks from the existing Transbay Terminal) providing convenient access to other transportation services. The Project includes minimal off-street parking to discourage commuting via private automobile.

E. That a diverse economic base be maintained by protecting our industrial and service sectors from displacement due to commercial office development,

and that future opportunities for resident employment and ownership in these sectors be enhanced.

The Project Site does not contain any industrial or service sector uses, and thus none will be displaced by the Project. The Project Site is currently occupied by a temporary surface parking lot operation.

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

The Project will conform to the structural and seismic requirements of the San Francisco Building Code.

- G. That landmarks and historic buildings be preserved.

The Project Site does not contain any existing historic resources and is not located in any historic or preservation district. The Project would not affect any off-site historic resources.

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

The Project Site is surrounded by existing urban development and is not located adjacent to parks or other public open spaces. Therefore, the Project is not expected to have any impact on this policy.

9. 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.
10. The Commission hereby finds that granting the Project Authorization in this case will particularly promote the public welfare, convenience and necessity for the reasons set forth above.

DECISION

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 Office Allocation Application No. 2006.1106B** subject to the conditions attached hereto as Exhibit A, which is incorporated herein by reference as though fully set forth, in general conformance with the plans stamped Exhibit B and dated August 12, 2010, on file in Case Docket No. 2006.1106B.

APPEAL AND EFFECTIVE DATE OF MOTION: Any aggrieved person may appeal this Section 321 and 322 Office Space Allocation to the Board of Appeals within fifteen (15) days after the date of this Motion. The effective date of this Motion shall be the date of this Motion if not appealed (after the 15-day period has expired) OR the date of the decision of the

Motion 18170
Hearing Date: August 12, 2010

CASE NO. 2006.1106BMXZ
222 SECOND STREET

Board of Appeals if appealed to the Board of Appeals. For further information, please contact the Board of Appeals in person at 1650 Mission Street, Room 304 or call (415) 575-6880.

I hereby certify that the foregoing Motion was ADOPTED by the Planning Commission at its regular meeting on August 12, 2010.

Linda D. Avery
Commission Secretary

AYES: Miguel, Antonini, Borden, Lee, Olague, Sugaya

NOES: Moore

ABSENT:

ADOPTED: August 12, 2010

Exhibit A

Conditions of Approval

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

The authorization contained herein is an allocation of office square footage under the 2009 - 2010 Annual Office-Development Limitation Program for the addition of approximately 430,650 gross square feet of office area to the subject property, pursuant to Planning Code Sections 321 and 322 on Assessor's Block 3735, Lots 063, within a C-3-O(SD) (Downtown Office Special Development) District and the 350-S/150-S Height and Bulk District, and as shown on plans dated August 12, 2010, labeled "Exhibit B" and on file with Application No. 2006.1106B.

1. COMPLIANCE WITH OTHER REQUIREMENTS

The Conditions of Approval set forth in Exhibit A of Motion No. 18168, Case #2006.1106X (Determination of Compliance and Granting of Exceptions Under Planning Code Section 309), and the Mitigation, Monitoring, and Reporting Program adopted as Exhibit C to Planning Commission Resolution 18167, Case #2006.1106M (General Plan Amendment) apply to this approval, and are incorporated herein as though fully set forth, except as modified herein.

2. GENERAL CONDITIONS

A. Performance.

(1) A site permit or building permit for the herein-authorized Project shall be obtained within 18 months of the date of this action, and construction, once commenced, shall be thenceforth pursued diligently to completion or the said authorization may become null and void.

(2) This authorization may be extended at the discretion of the Zoning Administrator only where the failure to issue a permit by the Department of Building Inspection to construct the proposed building is caused by a delay by a City, state or federal agency or by any appeal of the issuance of such a permit(s). The Project Sponsor shall obtain required site or building permits within 18 months (per Code Sections 321 and 322) of the date of this approval or this authorization may be null and void. Construction, once commenced, shall be pursued diligently to completion.

B. Recordation.

Prior to the issuance of any building permit for the construction of the Project, the Zoning Administrator shall approve and order the recordation of a notice in the Official Records of the Recorder of the City and County of San Francisco, which notice shall state

that construction of the Project has been authorized by and is subject to the conditions of this Motion. From time to time after the recordation of such notice, at the request of the Project Sponsor, 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.