



SAN FRANCISCO PLANNING DEPARTMENT

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- Development Agreement

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Planning Commission Motion No. 18272 Local Coastal Zone Permit Application

HEARING DATE: FEBRUARY 10, 2011

Project Name: **Parkmerced Mixed-Use Development Program
P Case: Coastal Zone Permit**

Case Number: 2008.0021EPMTZW

Initiated by: Seth Mallen, Parkmerced Investors, LLC
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ADOPTING FINDINGS RELATING TO APPROVAL OF A COASTAL ZONE PERMIT, PURSUANT TO PLANNING CODE SECTION 330, TO ALLOW THE FULL IMPLEMENTATION OF THE PARKMERCED MIXED-USE DEVELOPMENT PROGRAM, AS ADOPTED BY THE PLANNING COMMISSION AND INCORPORATED HEREIN BY REFERENCE AS THOUGH FULLY SET FORTH IN MOTION NO. 18270 AND RESOLUTION NO.S 18271 AND 18273. A PORTION OF THE PARKMERCED SITE, SPECIFICALLY LOTS 7309, 7309-A, 7334, 7337, and 7333, ARE LOCATED WITHIN THE LOCAL COASTAL ZONE; AND MAKING AND ADOPTING FINDINGS, INCLUDING ENVIRONMENTAL FINDINGS AND FINDINGS OF CONSISTENCY WITH THE GENERAL PLAN AND THE EIGHT PRIORITY POLICIES OF PLANNING CODE SECTION 101.1.

PREAMBLE

On January 8, 2008, Seth Mallen of Steller Management (hereinafter “Project Sponsor”), submitted an Environmental Evaluation Application with the Planning Department (hereinafter “Department”), Case No. 2008.0021E; and

On May 12, 2010, the Draft Environmental Impact Report (DEIR) for the Project was prepared and published for public review; and

The Draft EIR was available for public comment until July 12, 2010; and

On February 10, 2011, the San Francisco Planning Commission (hereinafter "Commission") reviewed and considered the Final Environmental EIR (FEIR) and found that the contents of said report and the procedures through which the FEIR 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"); and

On February 10, 2011, the Commission: certified the FEIR by Motion No. 18629, adopted approval findings pursuant to CEQA by Motion No. 18270 (Exhibit A); and adopted the Mitigation, Monitoring, and Reporting Program (MMRP) (Exhibit B to Motion No. 18270). The CEQA approval findings and the MMRP (Exhibits A and B, respectively, to Motion No. 18270) are incorporated herein by this reference thereto as if fully set forth in this Motion; and

On August 12, 2010, the Project Sponsor applied to the Planning Department for a Planning Code Text Amendment, a Zoning Reclassification and a General Plan Amendment (hereinafter Map Amendments) to allow for the creation and implementation of the Parkmerced Special Use District under Case No. 2008.0021MTZ; and

The proposed General Plan Amendments would make conforming amendments to the to the Urban Design Element's Map 4 to reflect the proposed rezoning; and

The proposed Zoning Reclassification would amend Zoning Map Sheets ZN13, HT13, and SU13 to rezone Parkmerced, being all of Assessor's blocks 7303-001, 7303-A-001, 7308-001, 7309-001, 7309-A-001, 7310-001, 7311-001, 7315-001, 7316-001, 7317-001, 7318-001, 7319-001, 7320-003, 7321-001, 7322-001, 7323-001, 7325-001, 7326-001, 7330-001, 7331-004, 7332-004, 7333-001, 7333-003, 7333-A-001, 7333-B-001, 7333-C-001, 7333-D-001, 7333-E-001, 7334-001, 7335-001, 7336-001, 7337-001, 7338-001, 7339-001, 7340-001, 7341-001, 7342-001, 7343-001, 7344-001, 7345-001, 7345-A-001, 7345-B-001, 7345-C-001, 7356-001, 7357-001, 7358-001, 7359-001, 7360-001, 7361-001, 7362-001, 7363-001, 7364-001, 7365-001, 7366-001, 7367-001, 7368-001, 7369-001, and 7370-001 from RM-1 (Residential Mixed, Low Density), RM-4 (Residential Mixed, High Density), & RH-1(D) (Residential House, One-Family, Detached) Districts, to PM [Parkmerced Residential (PM-R), Parkmerced Mixed Use – Social Heart (PM-MU1), Parkmerced Mixed Use – Neighborhood Commons (PM-MU2), Parkmerced School (PM-S), Parkmerced Community/Fitness (PM-CF), and Parkmerced Open Space (PM-OS) (hereinafter "Parkmerced Zoning Districts")]; and

The proposed Planning Code Text Amendments would create Planning Code Section 249.64, the "Parkmerced Special Use District" (hereinafter "PMSUD"), amend Planning Code Section 270 to create a new Bulk District (PM) for the proposed Parkmerced Special Use District, and amend Planning Code Section 102.5 and 201 to include the Parkmerced Zoning Districts; and

On October 27, 2010 the Project Sponsor filed a Development Agreement Application after months of negotiations with the Mayor's Office of Workforce and Economic Development; and

The Commission conducted informational hearings on the Parkmerced Project and considered public comment on November 4, November 18, December 9, December 16, 2010, and on January 13, 2011; and

On January 10, 2011, the Project Sponsor filed a Coastal Zone Permit Application, to authorize the rezoning and development of Assessor's Blocks 7309, 7309-A, 7334, 7333 and 7337, portions of which are located within the Local Coastal Zone Permit Area; and

On January 13, 2011, the Commission passed Resolution No. 18255, initiating amendments to the Planning Code, Zoning Maps, and General Plan related to the proposed Project; and

On February 10, 2011, the Commission conducted a duly noticed public hearing at a regularly scheduled meeting to consider the Motion; and

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 by Department staff, and other interested parties; and

All pertinent documents associated with Case No. 2008.0021EPMTZW may be found in the files of the Department, as the custodian of records, at 1650 Mission Street, Fourth Floor, San Francisco, California; and

Whereas, the Commission has reviewed the Motion; and

MOVED, that the Commission hereby authorizes the Local Coastal Zone Permit requested in Application No. 2008.0021EPMTZW, based on the following findings:

FINDINGS

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

1. The above recitals are accurate and constitute findings of this Commission.
2. The Commission finds the Parkmerced Mixed-Use Development Program to be a beneficial development to the City that could not be accommodated without the actions requested.
3. The Parkmerced Development Project necessitates approval by the Planning Commission of a Local Coastal Zone Permit, since a portion of the Site (Assessor's Blocks 7309, 7309-A, 7334, 7337, and 7333) is included in the boundaries of the Local Coastal Zone. Specifically, the portion of the Site located within the Local Coastal Zone Area consists of the southern half of development block 02W (portion of APN 7309/7309-A), development block 03W (portion of APN 7334), the western edge of development block 04 (portion of APN 7337) and the western edge of development block 23 (portion of APN

7333). The project proposes to demolish existing two-and three-story residential buildings on development block 02W and 03W and to replace such buildings with three- and four-story residential buildings. The portions of development blocks 04 and 23 within the Local Coastal Zone Permit Area would be designated as open space under the proposed Project.

4. **Site Description and Present Use.** Parkmerced is bounded by Lake Merced Boulevard to the west, Brotherhood Way to the south, Junipero Serra Boulevard, Felix Avenue, Cambon Drive, and 19th Avenue to the east, and Holloway Avenue, Varela Avenue, Serrano Drive, Font Boulevard, Pinto Avenue, and Vidal Drive to the north; it is within the RM-1 (Residential Mixed, Low-Density), RM-4 (Residential Mixed, High-Density), and RH-1(D) (Residential House, One-Family, Detached) Districts and 40-X and 130-D Height and Bulk Districts.

The Site measures 152-acres in total (including streets), and is defined by an axial street grid with a large open space in the center and a series of “pie-shaped” residential blocks. The residential units on each of these blocks surround a central courtyard open to the sky. The development is also articulated by landscaped boulevards and secondary streets that weave around buildings, open spaces, and larger open spaces in the vicinity of the tower buildings. The Site contains 3,221 existing rental apartments in 170 two-story residential buildings (townhouses) and 11 residential tower buildings that are 13 stories tall, as well as associated parking, buildings services, a leasing/operations office and a private pre-school/day care facility. There are also about 75 acres of existing open space throughout the Project Site in a network of lawns, courtyard areas, private open space, and playgrounds.

Parking for the residential apartments in the towers is currently provided in three above-grade centralized parking garages, which accommodate a total of 1,540 parking stalls. Parking for the townhouses is provided in attached carports, which provide a total of 1,507 parking spaces. An additional 151 parking spaces used for maintenance and office parking are provided in a surface parking lot. In addition to the 3,198 total private off-street parking spaces, there are 1,591 existing public on-street parking spaces.

As noted in the submitted Historic Resource Evaluation (HRE), the Parkmerced rental complex was constructed between 1941 and 1951 as the first all-rental community in San Francisco, as a response to the continued demand for housing the United States during and after World War II. ¹ The buildings and site plan at Parkmerced were designed by Leonard Schultze & Associates for the Metropolitan Life Insurance Company (MetLife), while the landscaping of the open space and interior garden courtyards were designed by Thomas Church and other landscape architects from his office.

¹ “Historic Resource Evaluation & Cultural Landscape Assessment: Parkmerced” (April 29, 2009), prepared for Turnstone Consulting by Page & Turnbull, Inc. Available by request at the San Francisco Planning Department (1650 Mission Street, Suite 400, San Francisco, CA 94103) in the Case Docket for Case No. 2008.0021E. The document is referred to as the “Parkmerced HRE.”

5. **Surrounding Properties and Neighborhood.** The 152-acre Site is located in the Lakeshore Neighborhood, in the southwest corner of San Francisco. The surrounding neighborhood includes Stonestown Galleria and San Francisco State University to the north; the Lakeside and Ingleside Terrace neighborhoods to the east; the Brotherhood Way religious and scholastic institutions, San Francisco Golf Club, and a residential neighborhood to the south; and Lake Merced and the Fleming and Harding Park Golf Courses to the west.

6. **Project Description**

Overview

The proposed Project is a long-term (approximately 20-30 years) mixed-use development program to comprehensively re-plan and re-design the approximately 116-acre Site (152-acres including streets). The Project proposes to increase the residential density, provide new commercial and retail services, provide new transit facilities, and improve existing utilities within the development Site. Of the existing 3,221 residential units on the Site, approximately 1,683 units located within the 11 existing towers would remain and approximately 1,538 existing apartments would be demolished and replaced in phases over the approximately 20 to 30-year development period. As provided by the proposed Development Agreement, these replacement units would be subject to the San Francisco Rent Stabilization Ordinance and existing tenants in the to-be-replaced buildings would have rights to relocate into the new units at their existing rents. An additional 5,679 net new units would also be added to the Site for a Project total of 8,900 units. New buildings on the Site would range in height from 35 feet to 145 feet, and would not be taller than the existing towers, which will remain. Neighborhood-serving retail and office space would also be constructed as part of the proposed Project and concentrated on Crespi Drive, near the northeast part of the Site and the light-rail line. The proposed new neighborhood core would be located within walking distance of all the residences within Parkmerced. In addition, small neighborhood-serving retail establishments would be constructed outside of the neighborhood core, in proximity to residential units throughout the Site. A new preschool/elementary school and daycare facility site, fitness center, and new open space uses including athletic fields, walking and biking paths, a new farm, and community gardens would also be provided on the Project Site. Infrastructure improvements would include the installation of a bioswale system to process stormwater on-site and renewable energy sources, such as wind turbines and photovoltaic cells, which are detailed in the *Sustainability Plan*. Transportation improvements would include the realignment of the MUNI light rail-line through the Project Site, traffic improvements to intersections adjacent to the Project Site, provision of a free shuttle service to Daly City BART and other items detailed in the *Transportation Plan*.

The Plan Documents

There are five guiding documents that combine to create a comprehensive and detailed blueprint for guiding all future land use, building, and community infrastructure improvements and programs at Parkmerced. These documents provide technical

specifications, development are incorporated by reference into both the Development Agreement and the Planning Code.

The Vision Plan lays out a conceptual framework for transforming the existing Parkmerced housing development into a “21st century model of a healthy neighborhood”.

The Design Standards and Guidelines prescribe urban design controls for land use, open spaces, streets, blocks and individual buildings. It contains the Regulating Plan which establishes the physical boundaries and measurements for all streets, blocks, parcels, open spaces, buildable areas, and easements. It also outlines a process for project implementation, establishing a design review process for buildings that limits the modifications from the standards, and specifies the Planning Commission and public review processes for the design of large projects and community improvements.

The Sustainability Plan contains specific strategies and metrics which together address the management and conservation of energy, water and other natural resources, and also establishes goals for green building standards.

The Transportation Plan provides a framework and management plan for addressing transit and vehicular travel to and from the neighborhood.

The Infrastructure Report establishes an outline for anticipated site-wide improvements to all street and public rights-of-way, underground utilities, and grading, and includes detailed engineering plans for those improvements.

Land Use, Urban Design, and Building Form

The Parkmerced Mixed-Use Development Program includes the retention of the 11 existing tower buildings, and the construction of approximately 5,679 net new units. The new units will be constructed in new buildings that will be compatible with the existing structures, and will vary in height and design. The siting of new structures has been designed in such a way so to cluster new towers within existing towers’ sight-lines from the residential neighborhoods to the east, in order to preserve views of Lake Merced and the Pacific Ocean from the adjacent neighborhoods. Parkmerced would be redesigned to increase clarity for travelers by creating a more legible hierarchy of street types, and by providing a grid that is easier to navigate. With a prevailing neighborhood fabric of 4-to-6 stories, taller structures of 8-10 stories will be located at key intersections and adjacent to notable locations and spaces to define centers of activity, provide landmarks and clarity for movement, and activate public spaces. Denser and taller development would be generally concentrated on the east half of the site, closer to 19th Avenue and the MUNI light-rail to emphasize connection to public transit and this major transportation corridor, while tapering down in intensity toward the west. The design includes the following features:

- Street grid adjusted to reduce scale of blocks and improve circulation – introduction of new streets, alleys, and pedestrian paseos, realignment of some existing streets. Key elements of the original street grid design are preserved,

including Juan Bautista Circle at the center with streets radiating outward, and Font Blvd as a major ceremonial connector. Gonzalez Drive is realigned as a major Boulevard on the south to improve circulation, organize major open spaces, and make room for creation of major public open space.

- Existing towers will remain. Low-rise 2-3 story buildings will all be replaced by street-facing buildings ranging in height from 35 to 145 feet. New towers will be clustered near the existing towers, in order to maintain existing view-sheds.
- In general, higher density and taller buildings will be located on the eastern half of the Site, closer to 19th Avenue and public transit (streetcar). The predominant neighborhood scale on the eastern half is a 65-foot (6-story) base, and 45 feet (4 stories) on the western half. These bases are punctuated by taller structures at key intersections and locations to provide wayfinding and highlight key public places, as well as provide diversity and texture in the urban fabric. Smaller streets on the west side would be lined by 3-story buildings.
- Except in the neighborhood commercial core, all buildings will have mandated landscaped setbacks and be lined on the ground floor with walk-up townhouse units that have individual front doors directly accessing the sidewalks.
- A new pedestrian-oriented neighborhood commercial area typical of San Francisco neighborhoods (with housing above ground floor retail), which will include a full-service supermarket, will be created at the northeast quadrant of the neighborhood, focused on a re-aligned Crespi Drive. Additional small, neighborhood retail (e.g. café, dry cleaners) would be sited adjacent to the neighborhood commons parks scattered around the Site. All residents would be within a short (5 minute) walk of supporting services.
- The overall neighborhood density proposed is approximately 59 units per acre, as compared to 40 units per acre in the Mission District and 86 units per acre in the Chinatown and North Beach Districts. This density is necessary to provide support for neighborhood shops and services within walking distance, as well as facilitate the use of transit, bicycling, and walking for daily activities.

Open Space

The proposed Project would provide 68 acres of open space in a network of publically accessible neighborhood parks, athletic fields, public plazas, greenways and a farm, and in the form of private or semi-private open space areas such as centralized outdoor courtyards, roof decks, and balconies. These private and semi-private open spaces would be required with the development of each residential building within Parkmerced. The parks and open space would be more accessible and usable than the current public open spaces, which are predominantly characterized by wide street medians and undefined and un-programmed lawn areas surrounding towers. Most open space is currently provided in the form of semi-private interior-block shared courtyards. Parks and open space within, and in the vicinity of, the proposed Project would continue to receive a substantial amount of sunlight during the day when use is at its highest rate. Existing coastal views from parks located to the east and north of the Project Site would be maintained with implementation of the proposed Project. The main public open space would include:

- *Neighborhood Commons:* Six of these 0.35-acre neighborhood-scale parks (2.1-acres total) would be evenly distributed around the neighborhood to provide social gathering spaces and opportunity for passive and active recreation within a 2-minute walk of almost every resident. These spaces would be activated by small retail or community uses, like cafes, in adjacent buildings.
- *Transit Plaza:* A new 0.88 –acre public plaza with ancillary small retail at the northeast corner of the Site at Holloway/19th Avenue would feature a relocated City College/Parkmerced station for the MUNI light-rail, providing a better and safer waiting environment for passengers than the existing station in the middle of 19th Avenue.
- *Diaz Plaza:* This small street in the neighborhood commercial heart would be pedestrianized into an active 0.34-acre plaza, with restaurants and shops opening out onto the plaza and activating the space.
- *Juan Bautista Circle:* The historic 2.44-acre circle would be renovated with new landscaping and amenities, including a pond (and underground cistern) to collect stormwater and serve as a major ecological feature to feed water into the stream system that leads through the Site to Lake Merced.
- *Stream Corridor:* Leading from the Circle toward Lake Merced, the stream corridor is the backbone of the open space system, connecting the major open spaces and providing a greenway through the heart of the neighborhood. Walking paths and passive recreational open spaces are proposed along the corridor, which would also provide important wildlife habitat. Including the Farm and the Belvedere Garden (see below), the Stream Corridor would be 12.06-acres.
- *Farm and Orchard:* The over 2-acre farm, which may be managed by a professional farmer, is intended to be a productive landscape to supply local farmers' markets and restaurants with organic, locally-grown produce, and would utilize local on-site compost to reduce resource consumption of trucking food waste from the neighborhood. The farm would also provide educational and hands-on opportunities for residents.
- *Belvedere Garden:* A new garden overlook and terraced steps with water feature would provide a new direct pedestrian link from the neighborhood through the southwest corner of the Site to the major open spaces at Lake Merced.
- *Athletic Fields:* The 2.94-acre athletic fields would provide an opportunity for active recreation (e.g. soccer) in the neighborhood, as well as for adjacent off-site neighbors along Brotherhood Way, such as school and church groups (a new pedestrian connection is proposed to connect to Brotherhood Way).
- *Community Garden:* The existing small community garden located near the towers to the west of Juan Bautista Circle would be significantly expanded to 1.1-

acres, offering many more residents, particularly those in towers and other units without private open space, the opportunity to garden.

In addition to these public open spaces, all new units would be required to provide either 36 square feet of private open space (e.g. balconies, private patios, stoops) or 48 square feet of shared common open space (e.g. courtyards, roof decks). Almost every block would include a shared semi-private courtyard, as delineated in the Regulating Plans.

Most open spaces would be, as currently, owned by the developer or future Master Homeowners' Association. Through the Development Agreement, these spaces would be required to be maintained in good condition in perpetuity, and would guarantee the rights of the public to use the spaces as they would any City park and establish minimum hours of operation.

Transportation

The comprehensive transportation program proposes to improve conditions for all modes of movement, and supports the objective of growing the neighborhood as a transit- and pedestrian-oriented district. The proposed improvements are as follows:

Pedestrian: A revised street grid providing smaller blocks, new streets, and mid-block paths for more direct and shorter connections for those on foot. All interior streets would be redesigned to exceed the minimum specifications of the Better Streets Plan for sidewalk width, amenities, and traffic calming. On the periphery of the neighborhood, several additional and safer crossings of the major streets are proposed on Lake Merced Boulevard, Brotherhood Way, and 19th Avenue. Finally, the land use program, with both increased residential density and a retail program, will provide and support services within walking distance.

Bicycle: New dedicated bicycle lanes and paths would be provided on Gonzalez Drive, Tapia Drive, Font Boulevard, Chumasero Drive, and Juan Bautista Circle to provide safe and direct connections for cyclists to important destinations and to link up with existing and planned bicycle routes outside of the neighborhood and at SFSU. Additionally, a new direct connection toward the Daly City BART station would be made possible by the reconfiguration of the interchange of Junipero Serra and Brotherhood Way.

Transit: The Project proposes to re-route the MUNI light-rail line, which currently runs in the middle of 19th Avenue, through Parkmerced, to relocate one station from the middle of 19th Avenue to within the Site and to create two new stations. This alignment has been coordinated with SFMTA and offers several operational advantages for transit service (such as being able to run short-lines that do not continue all the way through low-ridership areas to Balboa Park), in addition to better serving in a safer, more pleasant, and more convenient environment the majority of the riders in this area, who come from the west side of 19th Avenue at Parkmerced and SFSU. SFMTA would have the option of running trains all the way through to Balboa Park or terminating at Parkmerced. The Project proposes to dedicate necessary right-of-way easements and to build the infrastructure for this realignment. The Project also dedicates easements for a future extension of the light-rail line toward the Daly City BART station. Finally, the Project

proposes to fund the purchase by the SFMTA of one light-rail vehicle in order to maintain headways.

Vehicular: The current limited and circuitous access to the neighborhood would be enhanced by providing new access points with new or reconfigured intersections along Lake Merced (at Gonzalez, Acevedo, and Vidal), on Brotherhood Way (at Chumasero), on Junipero Serra (at Chumasero), and on 19th Avenue (at Crespi Drive). Other improvements are proposed at nearby intersections and sections of road to improve circulation, including but not limited to the addition of turn lanes and signalization changes.

Many of these improvements would require approval of the San Francisco Municipal Transit Authority (SFMTA), the California Public Utilities Commission (CPUC), and Caltrans; the Development Agreement includes provisions for seeking these approvals, and for proposing and implementing alternative projects that achieve equivalent public benefits should the proposals not garner necessary approvals from outside agencies. Per the Development Agreement, the developer must get necessary approvals and permits for the rail project within 7 years after the approval of the Agreement and must begin construction on the rail project by the time 2,500 new dwelling units have been constructed. Note that the first two years of the time period are reserved for the City to consider further modifications to the alignment based on ongoing studies of the 19th Avenue corridor ("Tier 5") (within funding provide in part by the Project Sponsor), and that construction of the rail project must be phased to allow later modification per Tier 5.

The Transportation Plan also includes a comprehensive Transportation Demand Management (TDM) program that obligates the Developer to undertake certain programs and services, including free shuttles to Daly City BART and nearby shopping centers, transit pass subsidies of \$20 per unit per month, a Transportation Coordinator to assist residents and employees of the Site, and implementation of a bicycle-share program.

Off-street parking for the residential units will primarily, but not exclusively be in underground garages, and will be concentrated on the west side of the Site (while units are concentrated toward the eastern half) to discourage casual usage. As parking would be unbundled and market-priced, occupants who wish to have parking space would have the option to pay less to park further away from their residence. Per the proposed SUD, parking could be provided up to one space per dwelling unit and non-residential parking would be capped generally at one space per 750 square feet (with some variation for specific uses). (Note that off-street parking would not strictly be required for any use per the SUD).

The *Transportation Plan* fully details goals and implementation actions for the Project.

Housing and Tenant Relocation

There are 3,221 dwelling units currently on-site. The housing stock is limited to two types: 2-3-story garden apartments (48% of total – 1,538 units) and 13-story tower

apartments (52% of total – 1683 units). Of the existing units, 35% are one-bedroom units, 58% are two-bedroom units, and 7% are three-bedroom units.

The proposed Project would demolish all of the existing garden apartments and replace them with a much broader mixture and variety of housing and building types, including units of various types in 3- to 6-story low rise buildings, 8- to 10-story mid-rise buildings, and 11- to 14-story towers. The Project would replace the existing units and add a net addition of approximately 5,679 units for a total of 8,900 units on-site. The percentage of one-bedroom units would remain at 35%, but there would be a larger percentage (15%) of three-bedroom units. Overall, the proportion of units in towers would decrease from 52.2% today to 34.4% as proposed. As the base of almost all new buildings will be lined with residential units, approximately 800 of the new units will be in the form of ground-level, walk-up units with direct, individual private access to sidewalks, front stoops, and/or courtyards.

The existing apartments slated for demolition are primarily wood-framed and stucco structures. To the extent practical, the existing structures will be “deconstructed”, allowing for maximum re-use or recycling of materials. The feasibility of materials reused or recycled may be limited by the requirements for abatement of hazardous materials and the potential value of the recycled material. The proposed demolition and deconstruction will occur in conjunction with the construction phases over the 20- to 30-year development period.

Under the proposed Development Agreement, the Project would replace, on a one-for-one basis, the 1,538 existing units subject to the Rent Stabilization Ordinance that would be demolished as part of the proposed Project. All existing tenants in these units would be offered a newly-constructed unit of comparable size (all with new appliances, including washers, dryers, and dishwashers) at their existing rents, and all relocation expenses would be paid for by the Project Sponsor. Prior to the submittal of a permit for a Replacement Building, the Developer is required to submit a Tenant Relocation Plan to the City, outlining the existing to-be-demolished units, the number of existing tenants and estimated schedule for the relocation. The Development Agreement outlines a detailed notification and new-unit selection process.

Sustainability

A key objective of the Project is to create a neighborhood that substantially improves the resource efficiency of both the existing development and future growth. The moderate-density housing, mixed-use land use, fine-grained urban design, and transit-oriented transportation program, described above, aim to substantially reduce the per capita amount of vehicular travel, which currently makes up the largest share (40%) of Bay Area greenhouse gas emissions. Besides these measures that are the basis for the Project, the Project would reduce environmental impacts of the existing Site and its growth through the following measures, amongst others:

Energy: The project has a goal of “Net Zero” energy usage for new development. To help strive toward this goal, the Project is committed to numerous renewable energy

production and efficiency measures. In accordance with the Development Agreement, the project would install renewable energy sources (e.g. photovoltaic cells or wind turbines) capable of providing 10% of the total estimated annual energy consumed by the Site, and cogeneration facilities capable of providing an additional 10% of the total estimated annual energy consumed. The project has also committed to construct all new buildings to improve on current Title 24 energy standards for residential building envelopes by at least 15% and all other Title 24 energy standards by at least 10%.

Water: The Project proposes to reduce stormwater runoff into the combined sewer system (thereby reducing demand on the sewer and treatment infrastructure, as well as reducing frequency of discharge of untreated runoff into the ocean) by collecting and slowing the runoff of stormwater in an extensive system of in-street bio-swales, the Juan Bautista Circle pond and cistern, and the stream corridor. This system would partially restore historical stream flows from the Site into Lake Merced, replenishing the aquifer and improving water quality and water levels in Lake Merced. The Project is also located in the City's Recycled Water Ordinance area, requiring that all new buildings be dual-plumbed for delivery of non-potable water for toilet flushing, building mechanical systems, irrigation and other non-potable water uses. The Project proposes to install recycled water distribution infrastructure (i.e. piping) throughout the project's right-of-ways and connecting to new buildings, so that in the future the Project can connect to planned SFPUC recycled water supply systems (e.g. potentially running up Lake Merced Boulevard). This would substantially reduce demand from the Site for potable water from the City's Hetch Hetchy system. The Project will reduce water consumption by up to 60% on a per capita basis.

The *Sustainability Plan* fully details goals and implementation actions for the Project.

7. **Elements of Project Located Within the Local Coastal Zone.** The elements on the Project, as described above, to be located within the Local Coastal Zone area subject to the City's jurisdiction include:

- Demolition of existing two- and three-story "garden apartments" and replacement with three- and four-story residential buildings to be constructed in accordance with the sustainability measures applicable to the entire Project;
- Protections for existing tenants, including the tenant relocation and rent control provisions described above, shall apply to all residential construction in the Local Coastal Zone;
- Construction of bioswales associated with each building to treat stormwater run-off on-site;
- Enhancement of existing open space, including the creation of Belvedere Gardens and a portion of the Stream Corridor; and

- Establishing an additional access point and pedestrian crossing location to the Project Site from Lake Merced Boulevard at Gonzalez Drive, and making traffic improvements to the intersection of Lake Merced Boulevard and Higuera Avenue.

Although the Project contemplates the installation of wind turbines along the western edge of the Project Site to meet the energy generation requirements contained in the Development Agreement, the wind turbines are not included in the current Coastal Zone Permit application. The Project Sponsor will seek a separate Coastal Zone Permit for the wine turbines when required for their construction.

8. **Public Comment.** The Department has received a substantial amount of public testimony regarding the Project, both in support and opposition. Many of these comments were received during the public informational hearings held for this project (October 21, 2010, November 4, 18, 2010, December 9, 16, 2010, and January 13, 2011) and as part of the EIR process.

9. **Planning Code Section 330 – Local Coastal Zone Permit Review**

The Parkmerced Mixed-Use Development Project necessitates approval by the Planning Commission of a Local Coastal Zone Permit, including findings of consistency with the Western Shoreline Area Plan of the General Plan (San Francisco's Local Coastal Program), pursuant to Planning Code Section 330, since a portion of the Site (Assessor's Blocks 7309, 7309-A, 7334, 7337, and 7333) is included in the boundaries of the Local Coastal Zone. Specifically, the portion of the Site located within the Local Coastal Zone Area consists of the southern half of development block 02W (portion of APN 7309/7309-A), development block 03W (portion of APN 7334), the western edge of development block 04 (portion of APN 7337) and the western edge of development block 23 (portion of APN 7333). The project proposes to demolish existing two- and three-story residential buildings on development block 02W and 03W and to replace such buildings with three- and four-story residential buildings. The portions of development blocks 04 and 23 within the Local Coastal Zone Permit Area would be designated as open space under the proposed Project.

A small portion of the southwest corner of the Project Site at the intersection of Lake Merced Boulevard and Brotherhood Way is located within the Coastal Zone area that is under the jurisdiction of the California Coastal Commission; because the later portion is not under the City and County of San Francisco's jurisdiction with regard to Coastal Zone review, the Project Sponsor will seek approvals separately to the Coastal Commission prior to any improvements to that land.

10. **Planning Code Section 302.** Pursuant to Planning Code Section 330.5(d), the Local Coastal Zone Permit Application shall be reviewed by the Commission subject to the procedures for reviewing Planning Code Amendments, as outlined in Planning Code Section 302. On balance, the Project is found to be consistent with said criteria in that:

- a. The Commission finds the Parkmerced Mixed-Use Development Program to be a beneficial development to the City that could not be accommodated without the actions requested.
- b. Parkmerced was constructed in the 1940s and early 1950s based on a model of separation of land uses, extensive reliance on the automobile for all purposes, and an insular circulation system featuring few connections to the wider city context. These patterns of development have proven to be unsustainable and exacerbate local and regional problems of transportation, air quality, and energy consumption and embody characteristics that do not meet the needs of today and the future to support sustainable growth.
- c. Assembly Bill 32 set statewide goals for greenhouse gas reductions and Senate Bill 375 further requires local regions and municipalities to coordinate land use and transportation plans to reduce greenhouse gas emissions. In the Bay Area, according to the Bay Area Air Quality Management District, 40% of greenhouse gas emissions come from transportation, primarily private vehicle travel. The average Bay Area household drives 18,000 miles per year. Low residential density and lack of mixed uses that prevent trips from being effectively served by public transit or made by walking or bicycling are the primary reasons for high Vehicle Miles Travelled (VMT) for Bay Area households. Regional growth will occur, and it is the duty of every Bay Area city to direct growth to infill areas that are supported by necessary services and well-served by public transportation and that do not expand the footprint of existing urbanized areas.
- d. The proposed infill Project density of 59 units per acre, incorporation of neighborhood-serving retail into a neighborhood center, and retrofitting of the block pattern to reduce block size, is more typical of San Francisco neighborhoods with low VMT. Based on consistent data from similar neighborhoods locally and throughout the country, the VMT of households in such a neighborhood is expected to be less than 10,000 miles per year.
- e. Parkmerced is already well situated with regard to public transit infrastructure, as it sits adjacent to MUNI light rail service on 19th Avenue, is served by several MUNI bus lines, and is close to the Daly City BART station. It is currently substantially underbuilt based on existing zoning. It is one of the best situated areas on the west side of the City to absorb growth in a transit-oriented and sustainable fashion, and its ownership under a single entity provides a rare opportunity to consider a long-term master plan for reconfiguration and improvement to meet the needs of the 21st-century and beyond.
- f. The proposed transportation investments as part of the Project, including MUNI rail re-alignment through the Project Site, would further improve service to the area and provide more operational options to the San Francisco Metropolitan Transit Authority (hereinafter, "MTA"). The proposal has been well-coordinated with MTA, paves the way and provides a down-payment for more long-term "Tier 5" options, and the Development Agreement paves the way for evaluating

and incorporating additional Tier 5 options by the City. Without this Project, the City may not be able to achieve the necessary transportation improvements in the 19th Avenue corridor.

- g. The existing Parkmerced landscape is resource consumptive in its expansive use of manicured mono-cultural lawns, and the original neighborhood and landscape design directly disrupted and degraded ecological functions, particularly by diverting rainwater flow away from the underground aquifer and Lake Merced. The proposed Parkmerced Mixed-Use Development Program will result in a landscape that is both environmentally and financially sustainable and restores degraded systems. Improvements include creation of a system of bioswales and cisterns to direct stormwater into a restored creek corridor feeding into Lake Merced and/or the underlying groundwater basin. In addition, the proposed Parkmerced Mixed-Use Development Program will result in the generation of 20% of the total annual energy consumed by the Project, through the installation of renewable energy sources (such as photovoltaic cells and wind turbines) and cogeneration facilities.
- h. The existing neighborhood, while giving the impression of expansive open space, has little usable public open space. Its publicly-accessible green spaces are primarily comprised of snippets and in-between spaces such as roadway medians, building setbacks and undefined planted areas separating towers. The proposed Project would re-design the open space system to create distinct public open spaces in the form of both a larger connected network of major public open spaces, including a creek corridor, athletic fields, and farm, as well as smaller dispersed neighborhood parks activated by adjacent community uses and small-scale retail.
- i. The Parkmerced Mixed-Use Development Program would result in increased rental and for-sale housing of various sizes and income levels, and would provide a great diversity of housing types to meet the needs of a broad spectrum of household types. The proposal would provide a broader range of building and unit types than exist today. Whereas 7% of current units have three bedrooms, the proposed project would include 15% 3-bedroom units. While today over 52% of existing units are in the 13-story towers, upon full build-out, fewer than 35% of all units will be in towers of 11-14 stories.
- j. Under the terms of the proposed Development Agreement, the Project would replace, on a one-for-one basis, the 1,538 existing units subject to the City's Residential Rent Stabilization and Arbitration Ordinance (hereinafter, "Rent Stabilization Ordinance") that would be demolished as part of the proposed Project with 1,538 "replacement units" of comparable size in newly constructed buildings. All existing tenants in these to-be-demolished units would be offered a replacement unit of comparable size at their existing rents, all relocation expenses would be paid for by the Project Sponsor, and, as set forth in the proposed Development Agreement, the replacement unit would be subject to the provisions of the Rent Stabilization Ordinance for the life of the building.

Replacement units in the new buildings would be chosen by existing tenants on a seniority basis. Under the proposed Development Agreement, to the extent that any of the 1,538 replacement units are not occupied by an existing tenant who has elected to relocate, the replacement unit will be made available to a new tenant and will also be subject to the provisions of the Rent Stabilization Ordinance for the life of the building. The project sponsor will pay relocation expenses to existing tenants who choose not to relocate into a replacement unit.

- k. The Parkmerced Mixed-Use Development Program would result in an entire neighborhood completely built in conformity with the City's recently-adopted Better Streets Plan, providing an excellent pedestrian environment.
 - l. The Parkmerced Mixed-Use Development Program would result in numerous public improvements to the intersections adjacent to and surrounding Parkmerced, providing circulation benefits not just for Parkmerced but for the wider community.
 - m. The Parkmerced Mixed-Use Development Program would create a social heart for the community, and would create a traditional pedestrian-oriented neighborhood commercial district within close walking distance of all Parkmerced residents. The proposed Parkmerced Mixed-Use Development Program would result in 1,500 permanent jobs.
 - n. The proposed Project includes a comprehensive program for environmental sustainability, seeking to minimize any growth in water or energy use, to accommodate new growth by constructing infrastructure in a manner that will allow connection to future recycled water supplies, and by committing to invest in renewable energy infrastructure and efficiency measures that are above and beyond existing requirements.
 - o. The Parkmerced Mixed-Use Development Program establishes a detailed design review process for buildings and community improvements.
 - p. The Local Coastal Permit is necessary in order to approve the Parkmerced Mixed-Use Development Program.
11. **General Plan Compliance.** The Project is, on balance, consistent with the following Objectives and Policies of the General Plan:

WESTERN SHORELINE AREA PLAN

Lake Merced

Objectives and Policies

OBJECTIVE 5:

PRESERVE THE RECREATIONAL AND NATURAL HABITAT OF LAKE MERCED.

Policy 5.1

Preserve in a safe, attractive and usable condition the recreational facilities, passive activities, playgrounds and vistas of Lake Merced area for the enjoyment of citizens and visitors to the city.

Policy 5.2

Maintain a recreational pathway around the lake designed for multiple use.

Policy 5.3

Allow only those activities in Lake Merced area which will not threaten the quality of the water as a standby reservoir for emergency use.

The Parkmerced Mixed-Use Development Program includes the retention of the 11 existing tower buildings, and the construction of approximately 5,679 net new units. The siting of new structures has been designed in such a way so to cluster new towers within existing towers' sight-lines from the residential neighborhoods to the east, in order to preserve views of Lake Merced and the Pacific Ocean.

On the periphery of the neighborhood, a new garden overlook and terraced steps with water feature (Belvedere Garden) would provide a new direct pedestrian link from the neighborhood through the southwest corner of the Site to the major open spaces at Lake Merced, making Lake Merced's pathway more usable and accessible to residents living to the east of the Lake.

The Project proposes to reduce stormwater runoff into the combined sewer system (thereby reducing demand on the sewer and treatment infrastructure, as well as reducing frequency of discharge of untreated runoff into the ocean) by collecting and slowing the runoff of stormwater in an extensive system of in-street bio-swales, the Juan Bautista Circle pond and cistern, and the stream corridor. This system would partially restore historical stream flows from the Site into Lake Merced, replenishing the aquifer and improving water quality and water levels in Lake Merced. Any and all construction activities in the Local Coastal Zone (and elsewhere on the Project Site) will comply with mitigation measures set forth in the FEIR, protecting against construction-site run-off to Lake Merced.

12. **Planning Code Section 101.1(b)** establishes eight priority-planning policies and requires review of permits for consistency with said policies. On balance, the Project complies with said policies in that:

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

The proposed Project would enhance the neighborhood-serving retail uses by creating a neighborhood-serving retail core with approximately 230,000 square feet of new retail space, thereby providing the community with services such as a grocery store and banking. The existing Parkmerced development currently has only a very small amount of neighborhood-

servicing retail, which is located adjacent to the Project Site. In combination with the proposed approximately 69,000 square feet of new office space, the new retail uses would provide opportunities for resident employment and business ownership. Furthermore, the proposed addition of 5,679 net new households would strengthen business at existing establishments in the vicinity of the Project Site and bolster demand for additional retail uses.

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

The proposed Project would preserve the existing diversity and character of Parkmerced by maintaining the same number of rent controlled units (3,221 rent controlled units) that currently exist at Parkmerced. The Project would accomplish this by conserving 1,683 existing rent controlled apartments, which would remain subject to the Rent Stabilization Ordinance, and replacing all 1,538 existing rent controlled apartments that would be demolished by the Project with a new unit that would be subject to the same protections as contained in the Rent Stabilization Ordinance for the life of the building. In addition, under the proposed Project, residents of buildings proposed for demolition would be given the opportunity to relocate to such replacement units in a new building and would be assessed the same rent as their previous unit. The Project would also enhance the diversity of Parkmerced by constructing a large number of new BMR affordable units. Currently, Parkmerced has no BMR units. Further, the proposed Project would enhance the character of the Parkmerced neighborhood by establishing a social and commercial core, improving pedestrian accessibility, and creating open space and recreational opportunities.

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

The proposed Project will result in the construction of a significant number of BMR housing units in accordance with the Development Agreement to be executed by the Project Sponsor and the City. Such BMR units will significantly increase the City's supply of affordable housing. Moreover, the affordability of the existing rent-controlled units would be maintained for all existing residents, who, under the terms of the proposed Development Agreement, would continue to benefit from the protections of the Rent Stabilization Ordinance, including residents of units proposed for replacement who elect to relocate to a new unit. For such relocated residents, the Project proposes that the new unit be rented at the same rent controlled rate as the resident's existing unit, thereby preserving affordability of the Project for existing residents. Under the proposed Development Agreement, the replacement unit would be subject to the same rent increase restrictions as contained in the Rent Stabilization Ordinance for the life of the building, regardless of whether an existing tenant elects to relocate to the unit or the unit is occupied by a new tenant.

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

The proposed Project would enhance MUNI transit service by re-routing the MUNI M-Oceanview light-rail line through the Project Site, creating two new stations and relocating

the existing Parkmerced/SFSU station. These improvements would alleviate the overcrowding issues at the existing Parkmerced/SFSU station and improve the connection to SFSU by requiring riders to cross Holloway Avenue as opposed to Nineteenth Avenue. The realignment would also reduce the walking distance to transit for residents of Parkmerced, thereby encouraging the use of public transportation. In addition, the proposed roadway realignments would ease the burden on City streets in the Parkmerced area by improving traffic flow. Finally, the proposed Project would add approximately 90 on-street and 6,252 off-street parking spaces, ensuring that residents of the proposed Project do not rely on parking in the adjoining neighborhoods.

- 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 proposed Project would not displace any industrial or service sector uses because of new commercial office development since the existing buildings slated for demolition do not contain any industrial or service sector uses. The Project Site is currently occupied by residential apartment buildings.

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

The proposed Project would help the City achieve the greatest possible preparedness to protect against injury and loss of life in an earthquake because the new buildings would be constructed in accordance with all applicable building codes and regulations with regard to seismic safety.

- G. That landmarks and historic buildings be preserved.

The proposed Project would not adversely impact any City landmarks because there are no registered landmarks on the Project Site. Although none of the buildings on the Project Site are designated City landmarks, as mitigation for the Proposed Project's impacts to historic resources under the California Environmental Quality Act, the Project Sponsor will prepare documentation of the site based on the National Park Service's Historic American Building Survey/Historic American Engineering Record Historical Report Guidelines and provide a permanent display of interpretative materials concerning the history of the original Parkmerced complex.

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

The proposed Project would provide 68 acres of open space in a network of publically accessible neighborhood parks, athletic fields, public plazas, greenways and a farm. The Project would provide significant additional open space in the form of private or semi-private

open space areas such as outdoor courtyards, roof decks, and balconies. These private and semi-private open spaces would be required within the development of each residential building within Parkmerced. The parks and open space would be more accessible and usable than the current open spaces. Parks and open space within, and in the vicinity of, the proposed Project would continue to receive a substantial amount of sunlight during the day when use is at its highest rate. Existing coastal views from parks located to the east and north of the Project Site would be maintained with implementation of the proposed Project.

13. The Commission hereby finds that approval of the Local Coastal Zone Permit Application would promote the health, safety and welfare of the City.
14. Findings under the California Environmental Quality Act (CEQA): On February 10, 2011, the Commission reviewed and considered the information contained in the FEIR and by Motion No. 18270 adopted CEQA Findings for the proposed Parkmerced Mixed-Use Development Program Project under CEQA, the CEQA Guidelines and Chapter 31, including the adoption of a mitigation monitoring and reporting program (MMRP) and a statement of overriding considerations, (“CEQA Findings”). The CEQA Findings and MMRP for the proposed Project are on file with the Clerk of the Commission and are hereby incorporated into this Motion by reference and adopted.

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 the Local Coastal Zone Permit No. 2008.0021EPMTZW** in general conformance with the Application as received on January 10, 2011 and stamped "EXHIBIT A", which is incorporated herein by reference as though fully set forth.

APPEAL AND EFFECTIVE DATE OF MOTION: Any aggrieved person may appeal this Local Coastal Zone Permit to the Board of Appeals within fifteen (15) days after the date of this Motion No. 18272. 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 in person at 1650 Mission Street, 3rd Floor (Room 304) or call 575-6880.

I hereby certify that the Planning Commission ADOPTED the foregoing Motion on February 10, 2011.


Linda D. Avery
Commission Secretary

AYES: Commissioners Antonini, Borden, Fong, and Miguel

NAYS: Commissioners Moore, Olague, and Sugaya

ABSENT:

ADOPTED: February 10, 2011