



# SAN FRANCISCO PLANNING DEPARTMENT

Subject to: (Select only if applicable)

- Inclusionary Housing (Sec 415)
- Childcare Requirement (Sec 414)
- Jobs Housing Linkage Program (Sec 413)
- Downtown Park Fee (Sec 412)
- Transit Center District Fees (Sec 424)
- Public Open Space (Sec 138)
- First Source Hiring (Admin. Code)
- Transportation Sustainability Fee (Sec 411)
- Public Art (Sec 429)

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

Reception:  
415.558.6378

Fax:  
415.558.6409

Planning  
Information:  
415.558.6377

## Planning Commission Motion No. 19637 Conditional Use Authorization

HEARING DATE: MAY 5, 2016

**Case No.:** 2006.1523ENV/DNX/OFA/CUA/VAR/SHD/GPR

**Project Address:** First and Mission Parcels  
40 First Street; 50 First Street; 62 First Street; 76-78 First Street; 88 First Street; 512 Mission Street; 516 Mission Street; 526 Mission Street  
"Oceanwide Center"

**Project Site Zoning:** C-3-O (SD) (Downtown, Office: Special Development)  
550-S and 850-S-2 Height and Bulk Districts  
Transit Center C-3-O (SD) Commercial Special Use District  
Transit Center District and Downtown Plan Areas

**Block/Lot:** 3708/003, 006, 007, 009, 010, 011, 012 and 055 (Oceanwide Center)  
0308/001 (Union Square)  
0209/017 (Portsmouth Square Plaza)  
0258/003 (St. Mary's Square)  
0233/035 (Justin Herman Plaza)

**Project Sponsor:** Oceanwide Center LLC  
Attn: Mr. Wu Chen  
88 First Street  
San Francisco, CA 94105

**Staff Contact:** Marcelle Boudreaux – (415) 575 9140  
[Marcelle.Boudreaux@sfgov.org](mailto:Marcelle.Boudreaux@sfgov.org)

ADOPTING FINDINGS RELATED TO THE APPROVAL OF A CONDITIONAL USE AUTHORIZATION UNDER PLANNING CODE SECTIONS 210.2 AND 303, TO ALLOW A TOURIST HOTEL WITH UP TO 169 GUESTROOMS, AS PART OF A PROJECT THAT INCLUDES THE DEMOLITION OF THREE COMMERCIAL BUILDINGS, REHABILITATION OF TWO COMMERCIAL BUILDINGS, AND CONSTRUCTION OF TWO TOWERS, MEASURING A MAXIMUM OF 605 AND 850 FEET OF OCCUPIED HEIGHT, SHARING A FOUR-STORY BASEMENT, FOR A PROJECT CONTAINING 265 RESIDENTIAL UNITS, APPROXIMATELY 1.07 MILLION GROSS SQUARE FEET OF OFFICE SPACE, AND 12,500 SQUARE FEET OF RETAIL SPACE, ON EIGHT LOTS PLUS THE VACATION OF PORTIONS OF JESSIE STREET AND ELIM ALLEY, LOCATED NEAR THE NORTHWEST CORNER OF FIRST AND MISSION STREETS, LOTS

003, 006, 007, 009, 010, 011, 012, AND 055 IN ASSESSOR'S BLOCK 3708, WITHIN THE 550-S AND 850-S-2 HEIGHT AND BULK DISTRICTS, THE C-3-O (SD) (DOWNTOWN OFFICE – SPECIAL DEVELOPMENT) ZONING DISTRICT, THE TRANSIT CENTER C-3-O (SD) COMMERCIAL SPECIAL USE DISTRICT, AND THE TRANSIT CENTER DISTRICT PLAN AND DOWNTOWN PLAN AREA.

## PREAMBLE

On June 5, 2015, Mark Loper of Reuben, Junius & Rose, LLP, acting on behalf of Oceanwide Center LLC (hereinafter "Project Sponsor"), filed a request, as modified by subsequent submittals, with the San Francisco Planning Department ("Department") for a Determination of Compliance pursuant to Section 309 with requested exceptions from Planning Code ("Code") requirements for "Streetwall Base", "Tower Separation", "Rear Yard", "Ground-Level Wind Currents", "Freight Loading Access", "Commercial to Non-Commercial Use Ratio", "Unoccupied Vertical Extensions", "Upper Tower Extensions", and "Bulk" to demolish three commercial buildings on the site (40, 50, and 62 First Street), rehabilitate historic commercial buildings (78 and 88 First Street), vacate portions of streets and alleys, and construct two towers which share a basement, one fronting First Street and one fronting Mission Street, on eight parcels at the northwest corner of First and Mission Streets. The First Street Tower is proposed to reach a roof height of approximately 850 feet with mechanical and architectural features extending to a height of 910, and would include approximately 1.05 million gross square feet of office space, 109 residential units and a 68-foot-tall "Urban Room", or indoor park, at street level. The Mission Street Tower is proposed to reach a height of approximately 605 feet with mechanical screening and features extending to 625 feet, further extending to a maximum of 636 feet to the top of elevator equipment, and would include a 169-room hotel, 156 residential units and ground floor retail and lobbies. Vehicular parking for residential and commercial users, service loading, bicycle parking and showers are housed in four basement levels shared by both towers. The historic commercial building at 88 First Street would be retained and rehabilitated, and the historic commercial building at 78 First Street would be partially retained and rehabilitated, together providing existing office space. Privately-owned public open spaces are integrated throughout the site, in the Urban Room, the Mission Street pocket park and the Public Sitting Area behind 78 First Street, and residential open space is provided at upper level terraces and decks. Vacations of the public rights of way include a portion of Jessie Street (from First Street to midway between First Street and Ecker Place) which would be rerouted southward to terminate at Mission Street between First Street and Ecker Place. In addition, a portion of Elim Alley would be vacated (from Ecker Place to midway between First Street and Ecker Place) to be widened and enhanced for pedestrian access. The project site is located at 40, 50, 62, 76-78, 88 First Street, and 512, 516, 526 Mission Street, ("Project Site") within the C-3-O (SD) (Downtown Office, Special Development) Zoning District, the 550-S and 850-S-2 Height and Bulk Districts, and the Transit Center C-3-O(SD) Commercial Special Use District (collectively, "Project").

On June 4, 2014, an amended request was made for an allocation of 1,057,549 gross square feet of additional office space pursuant to Planning Code Sections 320 through 325 (Annual Office Development Limitation Program) (Case No. 2006.1523OFA). The Project includes retention of 22,376 square feet existing office space in the upper floors of 78 First and 88 First Streets, which is not included in the office allocation request.

On June 5, 2015, the Project Sponsor applied for a Variance from the requirements of Section 136 (Bay Window Dimensional requirements), Section 140 (Dwelling Unit Exposure), Section 145.1(c)(2) (parking and loading ingress and egress); and Section 155(s) (Parking and Loading Access).

On June 5, 2015, the Project Sponsor submitted a request for Conditional Use Authorization, as modified by subsequent submittals, pursuant to Sections 210.2 and 303 to allow a tourist hotel with 169 rooms.

On June 1, 2015, the Project Sponsor submitted a request for review of a development exceeding 40 feet in height, pursuant to Section 295, analyzing the potential shadow impacts of the Project to properties under the jurisdiction of the Recreation and Parks Department (Case No. 2006.1523SHD). Department staff prepared a shadow fan depicting the potential shadow cast by the development and concluded that the Project could have a potential impact to properties subject to Section 295. A technical memorandum, prepared by Environmental Science Associates, concluded that the Project would cast new shadow on four parks, as follows: approximately 149,230 square-foot-hours (sfh) of new shadow on Union Square, equal to approximately 0.0035% of the theoretically available annual sunlight ("TAAS") on Union Square; approximately 457,510 sfh of new shadow on Portsmouth Square Plaza, equal to approximately 0.219% of the theoretical annual available sunlight ("TAAS") on Portsmouth Square Plaza; 1,342 sfh of net new shadow on Portsmouth Square Plaza on a yearly basis, equal to approximately 0.001% of the theoretical annual available sunlight ("TAAS") on St. Mary's Square; and 299,820 sfh of net new shadow on Justin Herman Plaza on a yearly basis, which would be an increase of about 0.044% of the theoretical annual available sunlight ("TAAS") on Justin Herman Plaza.

On July 28, 2015 the Planning Department received from the Department of Public Works a General Plan Referral Application submitted by the Project Sponsor, for street and alley vacations associated with the Project.

On May 24, 2012, the Planning Commission held a duly advertised public hearing and recommended approval of the Transit Center District Plan ("TCDP" or "Plan") and related implementing Ordinances to the Board of Supervisors. The result of a multi-year public and cooperative interagency planning process that began in 2007, the Plan is a comprehensive vision for shaping growth on the southern side of Downtown to respond to and support the construction of the new Transbay Transit Center project, including the Downtown Rail Extension. Implementation of the Plan would result in generation of up to \$590 million for public infrastructure, including over \$400 million for the Downtown Rail Extension. Adoption of the Plan included height reclassification of numerous parcels in the area to increase height limits, including a landmark tower site in front of the Transit Center with a height limit of 1,000 feet and several other nearby sites with height limits ranging from 600 to 850 feet.

On September 28, 2011, the Department published a draft Environmental Impact Report ("EIR") for the Plan for public review. The draft EIR was available for public comment until November 28, 2011. On November 3, 2011, the Planning Commission ("Commission") conducted a duly noticed public hearing at a regularly scheduled meeting to solicit comments regarding the draft EIR. On May 10, 2012 the Department published a Comments and Responses document, responding to comments made regarding the draft EIR prepared for the Project.

On May 24, 2012, the Commission reviewed and considered the Final 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").

The Commission found the FEIR 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 certified the FEIR for the Project in compliance with CEQA, the CEQA Guidelines and Chapter 31.

On July 24, 2012, the Board of Supervisors held a duly noticed public hearing, affirmed the FEIR and approved the Plan, as well as the associated ordinances to implement the Plan on first reading.

On July 31, 2012, the Board of Supervisors held a duly noticed public hearing, and approved the Plan, as well as the associated ordinances to implement the Plan on final reading.

On August 8, 2012, Mayor Edwin Lee signed into law the ordinances approving and implementing the Plan, which subsequently became effective on September 7, 2012.

The Transit Center EIR is a program-level EIR. Pursuant to CEQA Guideline 15168(c)(2), if the lead agency finds that no new effects could occur or no new mitigation measures would be required of a subsequent project in the program area, the agency may approve the project as being within the scope of the project covered by the program EIR, and no new or additional environmental review is required. In certifying the Transit Center District Plan, the Commission adopted CEQA findings in its Motion No. 18629 and hereby incorporates such Findings by reference herein.

Additionally, State CEQA Guidelines Section 15183 provides a streamlined environmental review for projects that are consistent with the development density established by existing zoning, community plan or general plan policies for which an EIR was certified, except as might be necessary to examine whether there are project-specific effects which are peculiar to the project or its site. Section 15183 specifies that examination of environmental effects shall be limited to those effects that (a) are peculiar to the project or parcel on which the project would be located, (b) were not analyzed as significant effects in a prior EIR on the zoning action, general plan or community plan with which the project is consistent, (c) are potentially significant off-site and cumulative impacts which were not discussed in the underlying EIR, or (d) are previously identified in the EIR, but which are determined to have a more severe adverse impact than that discussed in the underlying EIR. Section 15183(c) specifies that if an impact is not peculiar to the parcel or to the proposed project, then an EIR need not be prepared for that project solely on the basis of that impact.

On April 1, 2016, the Department determined that the proposed application did not require further environmental review under Section 15183 of the CEQA Guidelines and Public Resources Code Section 21083.3. The Project is consistent with the adopted zoning controls in the Transit Center District Area Plan and was encompassed within the analysis contained in the Transit Center District EIR. Since the Transit Center District EIR was finalized, there have been no substantial changes to the Transit Center District Plan and no substantial changes in circumstances that would require major revisions to the Transit Center District EIR due to the involvement of new significant environmental effects or an increase in the severity of previously identified significant impacts, and there is no new information of substantial importance that would change the conclusions set forth in the Transit Center District EIR. The file for this Project, including the Transit Center District EIR and the Community Plan Exemption certificate, is available for review at the San Francisco Planning Department, 1650 Mission Street, Suite 400, San Francisco, California.

Planning Department staff prepared an Improvement Measures and Mitigation Monitoring and Reporting Program (IMMRP) setting forth improvement and mitigation measures that were identified in

the Transit Center District EIR that are applicable to the Project. These improvement and mitigation measures are set forth in their entirety in the IMMRP attached to the draft Motion as Exhibit C.

The Planning Department, Office of the Commission Secretary, is the custodian of records for this action, and such records are located at 1650 Mission Street, Fourth Floor, San Francisco, California.

On May 5, 2016 the Commission adopted Motion No. 19635, approving a Section 309 Determination of Compliance and Request for Exceptions, including an Improvement, Mitigation, Monitoring, and Reporting Program for the Project, attached as Exhibit C to Motion No. 19635, which are incorporated herein by this reference thereto as if fully set forth in this Motion.

On May 5, 2016, the Commission conducted a duly noticed public hearing at a regularly scheduled meeting on Case No. 2006.1523ENV/DNX/OFA/CUA/VAR/SHD/GPR. 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 Conditional Use requested in Application No. 2006.1523CUA, 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 also constitute findings of this Commission.
2. **Site Description and Present Use.** The Project Site covers eight lots and portions of Elim Alley and Jessie Street that are proposed for vacation, and totals approximately 59,445 square feet in size. The three lots fronting on Mission Street are undeveloped. Five commercial buildings are located along First Street, ranging in height from five to seven stories, with frontages on Jessie Street and Stevenson Street. Elim Alley is a pedestrian alley located between 62 First Street and 76-78 First Street. To the north, Jessie Street contains a single eastbound lane of traffic and two sidewalks between 62 First Street and 50 First Street. This portion of Jessie Street does not provide through-traffic between Second and First Streets; it begins at the northern terminus of Anthony Street, and is directly accessible only by vehicles traveling westbound on Mission Street.
3. **Properties and Neighborhood.** The Project Site is located in Transit Center District Plan sub-area of Downtown San Francisco, one block from the Transbay Transit Center. Land uses in the vicinity consist primarily of office and retail uses, many in high-rise towers, as well as high-rise residential buildings. The western edge of the site is defined by Ecker Place, the 20-story office building at 25 Jessie Street, and the four-story residential building at One Ecker Place. Golden Gate University's campus is located across Ecker Place at 536 Mission Street. A small open space connecting Mission Street and Jessie Street is located between the university and the 31-story JP Morgan Chase Office Building at 560 Mission Street. An eight-story brick office building is located at the northeast corner of Second and Mission Streets. A 39-story office building at 525 Market Street (at the southwest corner of First and Market Streets) is located to the north of the Property across Stevenson Street. The interior of the blocks between Jessie and Market Streets are

occupied by several high-rise office buildings, ranging from 15 to 40-stories in height, as well as several smaller buildings. The Salesforce Tower (measuring approximately 1,070-feet to decorative crown) is currently under construction cater-corner to the Site.

The Project Site is located within the Transit Center District Plan (TCDP) area. The City adopted the TCDP and related implementing ordinances in August 2012. Initiated by a multi-year public and cooperative interagency planning process that began in 2007, the Plan is a comprehensive vision for shaping growth on the southern side of Downtown. Broadly stated, the goals of the TCDP are to focus regional growth (particularly employment growth) toward downtown San Francisco in a sustainable, transit-oriented manner, sculpt the downtown skyline, invest in substantial transportation infrastructure and improvements to streets and open spaces, and expand protection of historic resources.

Adoption of the Plan included height reclassification of numerous parcels in the area to increase height limits, including a landmark tower site in front of the Transit Center with a height limit of 1,000 feet and several other nearby sites with height limits ranging from 600 to 850 feet.

4. **Proposed Project.** The Project proposes to demolish three existing buildings on the Site (40 First Street, 50 First Street, 62 First Street), rehabilitate historic commercial buildings (78 and 88 First Street), vacate portions of streets and alleys, and construct two towers which share a basement – one fronting First Street and one fronting Mission Street – around and on eight parcels at the northwest corner of First and Mission Streets. The First Street Tower is proposed to reach a roof height of 850 feet with mechanical and architectural features extending to a height of 910 feet and would include approximately 1.05 million gross square feet of office space, 109 residential units and a 68-foot-tall Urban Room, or indoor park, at street level. The Mission Street Tower is proposed to reach a height of 605 feet with mechanical screening and features extending to 625 feet, further extending to a maximum of 636 feet to the top of elevator equipment, and would include a 169-room tourist hotel, 156 residential units and ground floor retail and lobbies. Vehicular parking for residential and commercial users, service loading, bicycle parking and showers are housed in four-story basement levels shared by both towers. The historic commercial building at 88 First Street would be retained and rehabilitated, and the historic commercial building at 78 First Street would be partially retained and rehabilitated, together providing additional existing office space. Privately-owned public open spaces are integrated throughout the Site, in the Urban Room, the Mission Street pocket park and the Public Sitting Area behind 78 First Street, and residential open space is provided at upper level terraces and decks. Vacations of the public rights of way include a portion of Jessie Street (from First Street to midway between First Street and Ecker Place). Jessie Street would also be rerouted southward to terminate at Mission Street between First Street and Ecker Place; a new name has not yet been determined for this re-routed public accessway. In addition, a portion of Elim Alley would be vacated (from Ecker Place to midway between First Street and Ecker Place) to be widened and enhanced for pedestrian access. By integrating eight parcels and proposing over 2.1 million gross square feet of office, residential, hotel and retail in two towers and rehabilitated commercial buildings with on-site privately-owned public open space and public realm improvements, this Project is the largest development within the Plan area.
5. **Public Comment/Public Outreach.** The Planning Department has received communication about the Project in the form of letters and public comment during the environmental review process,

as well as during Informational Hearings at the Planning Commission on January 14, 2016, and March 17, 2016. One individual has been spoken in support of the Project's successful implementation of what was anticipated for the sites in the Transit Center Plan. Objections/comments primarily focus on the following issues: the proposed partial vacation and realignment of Jessie Street; impacts to Bay Bridge traffic; the new curb cut onto Mission Street; congestion on Stevenson Street due to new garage entrance and maintenance of single-lane street; the proposed loading and impacts on adjacent neighbors; construction staging on Stevenson Street; and concerns about the closure of Ecker Street to pedestrian thoroughfare during construction. Other concerns include: a desire for a reduced number of stories in relation to adjacent towers; the tower's impact on private views and shading on existing towers; density and future congestion; the comfort of the POPOS space under the First Street Tower; the amount of square feet requested for office allocation; and the impacts on the adjacent institutional use, Golden Gate University.

The Project Sponsor has met with neighbors, merchants, and neighboring buildings, including One Ecker's HOA, Golden Gate University, the FDIC (which owns and operates 25 Jessie), the Millennium Tower's HOA, and 525 Market. The Sponsor has also reached out to non-profits and public interest groups in the general community.

6. **Planning Code Compliance:** The Planning Code Compliance as set forth in Motion No. 19635 apply to this Motion, and are incorporated as though fully set forth herein.
7. **Planning Code Section 303 (c)** establishes criteria for the Planning Commission to consider when reviewing applications for Conditional Use approval. On balance, the project does comply with said criteria in that:
  - A. The proposed new uses and building, at the size and intensity contemplated and at the proposed location, will provide a development that is necessary or desirable, and compatible with, the neighborhood or the community.

*The Site is located in the recently adopted Transit Center District Plan area and across the street from the Transbay Terminal (under construction), which will eventually serve as an intermodal rail facility with service by Caltrain, California High Speed Rail, and numerous regional bus lines. To facilitate its vision of transforming the area into the new heart of downtown San Francisco, the Transit Center Plan eliminated the maximum floor area ratio limit and increased a portion of the Site's height limit to the only parcels zoned for 850 feet. Zoned for the second-tallest building in the Transit Center District, the Project will include a mixed-use office and residential tower up to 850 feet in height and a mixed-use hotel and residential tower up to 605 feet in height, both north of the Salesforce Tower (measuring approximately 1,070-feet to decorative crown). The Project will serve as a primary contributor to the planned urban form of the Transit Center District and will contribute a variety of uses envisioned in the District Plan, including hotel, office, residential, and ground floor retail.*

*The Site is in the C-3-O (SD) District, which was created to provide for a variety of uses, including hotels, with a citywide or regional function. This District, playing a leading national role in finance, corporate headquarters and service industries, and serving as an employment center for the region,*

*consists primarily of high-quality office development. The intensity of building development is the greatest in the City, resulting in a notable skyline symbolizing the area's strength and vitality.*

*The existing neighborhood is representative of the zoning designation, and includes a range of uses, including office, residential, retail, and is within a half-mile or less from the downtown cultural institutions and convention center. The proposed hotel, and other uses, are desirable at this location because it will complement the cultural institutions, convention center, and retail uses that make San Francisco a travel destination. In addition to strengthening tourism – one of the pillars of the City's economy – the Project would generate substantial increases in property tax, transit occupancy tax, sales tax, and impact fee revenues.*

*In scale and appearance, the Project will be compatible with its neighbors – primarily high-rise towers as envisioned in the Transit Center District Plan. The minimum amount of off-street parking would be provided since the Property is in close proximity to abundant existing and planned transit services. As such, the Project would provide for a development that is necessary and desirable for, and compatible with, the existing neighborhood, community and City as a whole.*

- B. The proposed project will not be detrimental to the health, safety, convenience or general welfare of persons residing or working in the vicinity. There are no features of the project that could be detrimental to the health, safety or convenience of those residing or working the area, in that:
- i. Nature of proposed site, including its size and shape, and the proposed size, shape and arrangement of structures;

*By integrating eight parcels and proposing over 2.1 million gross square feet of office, residential, hotel and retail in two towers, with a shared basement, rehabilitated commercial buildings with on-site privately-owned public open space and public realm improvements, this Project is the largest development within the Transit Center District Plan area. The proposed shape and arrangement of structures on the Site successfully achieves the purposes of the Transit Center District Plan, by ensuring that the few remaining large-scale development sites in San Francisco are not underutilized, while retaining and rehabilitating a portion of two existing structures. The Project's two towers are built above a single basement structure, utilizing economies of mechanical, circulation, and lobby space. With hotel, residential, office, and retail uses all on a single site, the Project provides a number of complimentary uses in a single cohesive development. Its bulk and massing are appropriate and consistent with other high-rise buildings in the Transit Center District. The Project's six-story Urban Room will serve as public open space easily visible and accessible from the street and other publicly-accessible open spaces provided in the Project. These spaces, totaling just under 50% of the total Site area, will provide a vibrant mix of activities and retail opportunities, including food service and café space, and seating for passersby, residents, workers and visitors of the Project.*

- ii. The accessibility and traffic patterns for persons and vehicles, the type and volume of such traffic, and the adequacy of proposed off-street parking and loading;



*The Project is designed to ensure pedestrian, car, and service vehicle accessibility and circulation throughout the Property. The Project's four-level basement will be accessible in three locations, separated by tower and use. Off-street parking for the Project's office use will only be accessible from Jessie and Stevenson Streets, and residential parking will be accessible at the First Street Tower's residential valet stand. Residential and hotel parking will be accessible under the Mission Street Tower. A passenger loading zone would be established on Mission Street, with an overflow option in the second basement level accessible from the Mission Street Tower.*

*The majority of the Project's bicycle parking spaces, shower facilities, and lockers will be located on the first basement level. The Project's changes to existing ground floor conditions will also improve pedestrian and vehicle circulation across and through the Project Site. Elim Alley is proposed to be vacated and replaced with a more pedestrian-friendly public right-of-way through the Urban Room, linking First Street to Jessie Street and Ecker Place for pedestrians. The area previously occupied by Jessie Street will remain accessible as a public right-of-way for pedestrians, allowing two points of access between First Street and Jessie Street through the Project's "urban room". Class 2 bicycle parking facilities will be spread throughout the ground floor.*

*The Project's four-space loading dock, to service the hotel, office, and residential uses, will be located along Stevenson Street, with sufficient room for service vehicle maneuverability. Additionally, four service vehicle space, to service all uses, will be located on the third basement floor, with direct access to both towers' elevator banks.*

*A Transportation Impact Study confirmed that the Project's traffic volumes and patterns would not have a significant impact on the environment, or are appropriately mitigated to the extent feasible.*

- iii. The safeguards afforded to prevent noxious or offensive emissions such as noise, glare, dust and odor;

*The Project would not generate noxious emissions, such as noises, glare, dust and odor. The retail/restaurant/bar space would be properly ventilated to ensure neighboring buildings are not impacted by kitchen or other odors. Outdoor open spaces would be well-managed to ensure that noise remains at acceptable levels.*

- iv. Treatment given, as appropriate, to such aspects as landscaping, screening, open spaces, parking and loading areas, service areas, lighting and signs;

*The Project would comply with street tree, streetscape, lighting, and signage requirements of the Planning Code and Public Works Code. The Project's overall design is exemplary and meant to provide visual interest at all levels, from the pedestrian realm to the terminus of each building. The First Street Tower's six-story "urban room" upgrades the existing fabric of narrow streets and alleys along its footprint, creating a vast new public open space that will be immediately visible from the pedestrian realm along First and Mission Streets. The pedestrian realm will provide a mix of activities and retail opportunities, including food service and café space, and seating for residents and employees who live and work within the Project Site, as well as pedestrians and*

visitors to the area. The "urban room" is the focal point of the Project's interconnected publicly-accessible open space, which totals over 25,000 square feet of the ground floor. Other features include improving Elim Alley into a public right-of-way and seating area that is open and inviting, and adding a pocket park accessible from Mission Street. In addition, required screening at parking and loading areas will be provided.

- C. That the use as proposed will comply with the applicable provisions of the Planning Code and will not adversely affect the General Plan.

*The Project complies with all relevant requirements and standards of the Planning Code and is consistent with Objectives and Policies of the General Plan, as detailed below.*

8. **Planning Code Section 303 (g)(1)** establishes criteria for the Planning Commission to consider when reviewing applications for the development of tourist hotels. On balance, the Project complies with said criteria in that:

- A. The impact of the employees of the hotel or motel on demand in the City for housing, public transit, childcare, and other social services. To the extent relevant, the Commission shall also consider the seasonal and part-time nature of employment in the hotel or motel;

*The addition of up to 169 new tourist hotel rooms is not anticipated to have an adverse affect on housing. Due to the Project's location close to many transit services, many employees are anticipated to be existing City residents. The Sponsor's contribution to the Jobs-Housing Linkage Program, or an equivalent or greater contribution to an affordable housing fund, will help to fund the construction of affordable housing in the City. In addition, the residential component of the Project will satisfy the Inclusionary Affordable Housing requirement through payment of the fee, or will provide an alternative payment to the City that is equivalent to or greater than the Inclusionary Affordable Housing Fee, for the construction, acquisition and/or rehabilitation of affordable housing in the City or immediate area.*

*As hotel employees are generally distributed between different daily shifts, and since there are numerous transit options within blocks of the Site, the Project would have minimal impacts on public transit. The Sponsor's contribution to the City's Transportation Sustainability Fund and to the Transit Center District's Transportation and Street Improvement Fund would help to fund many planned downtown transit improvements.*

*The Sponsor's participation in the childcare program pursuant to Section 414 of the Planning Code would enhance the availability of affordable childcare services in the City. The proposed hotel use would have no appreciable effect on other social services. The Project is likely to provide new employment for some currently unemployed workers and will participate in the City's First Source Hiring Program. Providing additional job opportunities to San Francisco residents may lessen the need for some social services.*

*The Project's location in downtown San Francisco will ensure business visitors and leisure travelers throughout the year, resulting in a steady number of employees that will not vary on a seasonal basis.*

- B. The measures that will be taken by the Project Sponsor to employ residents of San Francisco in order to minimize increase demand for regional transportation;

*Many employees in a business and tourist hotel located in the City's Downtown area, in the heart of the Transit Center District and a half-mile from the downtown cultural institutions and the City's Moscone Convention Center, are anticipated to retain their positions year-round, in contrast to resort hotel employees where employment fluctuates depending on the season. Because of the stable nature of employment, more employees are likely to be local residents. Because of this, employment is not expected to fluctuate depending on season and employees are more likely to be local residents. In addition, the Project Sponsor will participate in the City's First Source Hiring Program, which aims to increase employment of local residents.*

- C. The market demand for a hotel or motel of the type proposed.

*At present, occupancy rates in San Francisco are above 80 percent, substantially above the 62 percent nationwide average. With this level of occupancy, the competitive market will be operating at capacity during peak periods and will be unable to accommodate additional demand. City of San Francisco is vastly under-served with regard to hotel supply and generates a significant amount of unsatisfied demand. It is anticipated that the addition of the proposed hotel with 169 guestrooms would be readily absorbed into the marketplace in 2020, without significantly affecting occupancy for any competitive properties.<sup>1</sup> Market conditions clearly support the need for new hotel stock, particularly in the luxury hotel range that would appeal to both tourists and business travelers. The expansion of the Moscone Convention Center, as well as the increased amount of high-quality office space in the Project and surrounding sites in this District, which plays a leading national role in finance, corporate headquarters and service industries, further increase the market demand for additional hotel rooms.*

- D. In the Transit Center C-3-O(SD) Commercial Special Use District, the opportunity for commercial growth in the Special Use District and whether the proposed hotel, considered with other hotels and non-commercial uses approved or proposed for major development sites in the Special Use District since its adoption would substantially reduce the capacity to accommodate dense, transit-oriented job growth in the District.

*The hotel aspect of the Project will not substantially reduce the capacity to accommodate dense, transit oriented job growth in the Transit Center C-3-O (SD) Commercial Special Use District. The Project's approximately 255,346 gross square feet of hotel space represents 12% of the Project's overall size, and is significantly less than the approximately 1,057,549 gross square feet of office space proposed as part of the Project. As of June 2015, the Project is the only development in this special use district to submit an entitlement application to add a hotel use. The proposed 169-room hotel would be well below the 1,370 new hotel rooms contemplated by the Transit Center District Plan.*

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<sup>1</sup> PKF Consulting USA, *Market Demand Analysis*, July 9, 2015. This document is available for public review at the Planning Department, 1650 Mission Street, San Francisco, as part of Case No. 2006.1523CUA.

9. **General Plan Conformity.** The General Plan Consistency Findings set forth in Section #8 of Motion No. 19635, Case #2006.1523DNX (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.
10. **Planning Code Section 101.1(b).** The General Plan Priority Policy Findings of Planning Code Section 101.1 as set forth in Motion No. 19635 apply to this Motion, and are incorporated as though fully set forth herein.
11. The Project is consistent with and would promote the general and specific purposes of the Code provided under Section 101.1(b) as outlined in Motion No. 19635 and also in that, as designed, the Project would contribute to the character and stability of the Transit Center District and would constitute a beneficial development.
12. The Commission hereby finds that approval of this Conditional Use Authorization would promote the health, safety and welfare of the City.

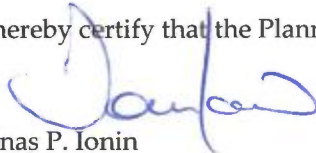
### DECISION

That based upon the Record, the submissions by the Applicant, the staff of the Department and other interested parties, the oral testimony presented to this Commission at the public hearings, and all other written materials submitted by all parties, the Commission hereby **APPROVES a Conditional Use Authorization under Sections 210.2 and 303, Application No. 2006.1523ENV/DNX/OFA/CUA/VAR/SHD/GPR**, subject to the following conditions attached hereto as "EXHIBIT A", and subject to the Conditions of Approval of Planning Commission Motion No. 18841, in general conformance with plans on file, dated November 29, 2012, and stamped "EXHIBIT B", which is incorporated herein by reference as though fully set forth.

The Planning Commission hereby adopts the IMMRP attached hereto as "EXHIBIT C" and incorporated herein as part of this Motion by this reference thereto. All required improvement and mitigation measures identified in the Transit Center District Plan EIR and contained in the IMMRP are included as Conditions of Approval.

**APPEAL AND EFFECTIVE DATE OF MOTION:** Any aggrieved person may appeal this Conditional Use Authorization to the Board of Supervisors within thirty (30) days after the date of this Motion No. 19637. The effective date of this Motion shall be the date of this Motion if not appealed (After the 30-day period has expired) OR the date of the decision of the Board of Supervisors if appealed to the Board of Supervisors. For further information, please contact the Board of Supervisors at (415) 554-5184, City Hall, Room 244, 1 Dr. Carlton B. Goodlett Place, San Francisco, CA 94102.

I hereby certify that the Planning Commission ADOPTED the foregoing Motion on May 5, 2016.



Jonas P. Ionin  
Commission Secretary

AYES: Fong, Richards, Antonini, Hillis, Johnson, Moore

NAYS: None

ABSENT: None

RECUSED: Wu

ADOPTED: May 5, 2016

## EXHIBIT A

### AUTHORIZATION

This authorization is for the granting of a **Conditional Use Authorization** pursuant to Section 210.2 and 303 to allow up to **169 tourist hotel guestrooms**, in connection with a proposal to allow construction of two towers, 605 feet and 850 feet maximum occupied height, sharing a four-story basement, demolition of three commercial buildings, and rehabilitation of two commercial buildings, for a project also containing 265 residential units, approximately 1.07 million gross square feet of office space, and 12,500 square feet of retail space, on eight lots plus vacation of portions of Jessie Street and Elim Alley, located near the northwest corner of First and Mission Streets, Lots 003, 006, 007, 009, 010, 011, 012, and 055 in Assessor's Block 3708, within the 550-S and 850-S-2 Height and Bulk Districts, the C-3-O (SD) (Downtown Office – Special Development) Zoning District, Transit Center C-3-O (SD) Commercial Special Use District, and Transit Center District Plan and Downtown Plan Area, in general conformance with plans dated **April 14, 2016** and stamped "Exhibit B" included in the docket for Case No. 2006.1523ENV/DNX/OFA/CUA/VAR/SHD/GPR and subject to conditions of approval reviewed and approved by the Planning Commission on May 5, 2016 under Motion No. 19637. This authorization and the conditions contained herein run with the property and not with a particular Project Sponsor, business, or operator.

### COMPLIANCE WITH OTHER REQUIREMENTS

The Conditions of Approval set forth in Exhibit B of Motion No. 19635, Case No. 2006.1523DNX (Determination of Compliance Under Section 309), and the Improvement, Mitigation, Monitoring, and Reporting Program adopted as Exhibit C to Planning Commission Motion 19635, Case No. 2006.1523DNX apply to this approval, and are incorporated herein as though fully set forth, except as modified herein.

### RECORDATION OF CONDITIONS OF APPROVAL

Prior to the issuance of the building permit or commencement of use for the Project the Zoning Administrator shall approve and order the recordation of a Notice in the Official Records of the Recorder of the City and County of San Francisco for the subject property. This Notice shall state that the project is subject to the conditions of approval contained herein and reviewed and approved by the Planning Commission on **May 5, 2016** under Motion No. 19637.

### PRINTING OF CONDITIONS OF APPROVAL ON PLANS

The conditions of approval under the 'Exhibit A' of this Planning Commission Motion No. 19637 shall be reproduced on the Index Sheet of construction plans submitted with the Site or Building permit application for the Project. The Index Sheet of the construction plans shall reference to the Conditional Use Authorization and any subsequent amendments or modifications.

### SEVERABILITY

The Project shall comply with all applicable City codes and requirements. If any clause, sentence, section or any part of these conditions of approval is for any reason held to be invalid, such invalidity shall not affect or impair other remaining clauses, sentences, or sections of these conditions. This decision conveys

no right to construct, or to receive a building permit. "Project Sponsor" shall include any subsequent responsible party.

## CHANGES AND MODIFICATIONS

Changes to the approved plans may be approved administratively by the Zoning Administrator. Significant changes and modifications of conditions shall require Planning Commission approval of a new Conditional Use Authorization.

## Conditions of Approval, Compliance, Monitoring, and Reporting

### PERFORMANCE

1. **Validity and Expiration.** The authorization and right vested by virtue of this action is valid for three years from the effective date of the Motion. A building permit from the Department of Building Inspection to construct the project and/or commence the approved use must be issued as this Conditional Use authorization is only an approval of the proposed project and conveys no independent right to construct the project or to commence the approved use. The Planning Commission may, in a public hearing, consider the revocation of the approvals granted if a site or building permit has not been obtained within **three (3) years** of the date of the Motion approving the Project. Once a site or building permit has been issued, construction must commence within the timeframe required by the Department of Building Inspection and be continued diligently to completion. The Commission may also consider revoking the approvals if a permit for the Project has been issued but is allowed to expire and more than three (3) years have passed since the Motion was approved.

*For information about compliance, contact Code Enforcement, Planning Department at 415-575-6863, [www.sf-planning.org](http://www.sf-planning.org)*

2. **Extension.** This authorization may be extended at the discretion of the Zoning Administrator only where failure to issue a permit by the Department of Building Inspection to perform said tenant improvements is caused by a delay by a local, State or Federal agency or by any appeal of the issuance of such permit(s).

*For information about compliance, contact Code Enforcement, Planning Department at 415-575-6863, [www.sf-planning.org](http://www.sf-planning.org).*

3. **Additional Project Authorizations.** The Project Sponsor must obtain an Downtown Project Authorization under Section 309; Variance from Section 136 for projecting bay windows that do not meet the code's dimension separation requirements; Variance from Section 145.1(c)(2) for exceeding the minimum frontage devoted to parking and loading ingress and egress; Variance from Section 140 for 22 units that do not meet the Planning Code requirements for exposure; Variance from Section 155(s) for the number and size of parking and loading access points; a ZA exception for height of elevator mechanicals at Mission Street Tower; an Office Allocation Authorization under Section 321; findings under Section 295 as to whether the shadow cast by the project will have any adverse impact on any park under the jurisdiction of the Recreation and Parks Commission and allocate new ACL to four parks; and a General Plan Referral for vacations for portions of Jessie Street and Elim Alley. The Project Sponsor must satisfy all the conditions thereof for each additional project authorization. The conditions set forth below are additional

conditions required in connection with the Project. If these conditions overlap with any other requirement imposed on the Project, the more restrictive or protective condition or requirement, as determined by the Zoning Administrator, shall apply. *For information about compliance, contact Code Enforcement, Planning Department at 415-575-6863, [www.sf-planning.org](http://www.sf-planning.org).*