



SAN FRANCISCO PLANNING DEPARTMENT

October 7, 2014

Supervisor Cohen and
Ms. Angela Calvillo, Clerk
Board of Supervisors
City and County of San Francisco
City Hall, Room 244
1 Dr. Carlton B. Goodlett Place
San Francisco, CA 94102

**Re: Transmittal of Planning Case Number 2014.1249T
BF No. 14-0876 – Office Conversion Controls in Landmark Buildings**

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

Reception:
415.558.6378

Fax:
415.558.6409

Planning
Information:
415.558.6377

Recommendation: Approval with Modifications

Dear Supervisor Cohen and Ms. Calvillo,

On October 1st, 2014 the San Francisco Historic Preservation Commission conducted a duly noticed public hearing at a regularly scheduled meeting to consider the proposed Ordinance under Board of Supervisors File Number 14-0876. At the October 1st hearing, the Historic Preservation Commission voted 7-0 to recommend approval with modifications of the proposed Ordinance which would (1) Require that projects seeking office space in Landmark buildings in PDR-1-D and PDR-1-G Districts receive a Conditional Use Authorization from the Planning Commission rather than be principally permitted and (2) Establish a new process for projects seeking office space in Landmark buildings in PDR-1-D and PDR-1-G Districts that would require review by the Historic Preservation Commission and the Planning Commission.

On October 2nd, 2014 the San Francisco Planning Commission conducted a duly noticed public hearing at a regularly scheduled meeting to consider the proposed Ordinance under Board of Supervisors File Number 14-0876. At the October 2nd hearing, the Planning Commission voted 6-0 to recommend approval with the same modifications of the proposed Ordinance as proposed by the Historic Preservation Commission.

The attached resolution and case report provides the actions of the Commissions. If you have any questions or require further information please do not hesitate to contact me.

Sincerely,

A handwritten signature in black ink, appearing to read "AM-Rodgers", with a long horizontal line extending to the right.

AnMarie Rodgers
Manager of Legislative Affairs

Cc: City Attorney Jon Givner and John Malamut,
Andrea Bruss, Supervisor Cohen's Office

Attachments (one copy of the following): Historic Preservation Commission Resolution No. 736
Planning Commission Resolution No. 19251
Department Executive Summary



SAN FRANCISCO PLANNING DEPARTMENT

Historic Preservation Commission Resolution 736

HEARING DATE OCTOBER 1, 2014

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

RECOMMENDING THAT THE BOARD OF SUPERVISORS ADOPT A PROPOSED ORDINANCE THAT WOULD AMEND THE PLANNING CODE BY REVISING SECTIONS 219 AND 803.9 AND CREATING A NEW SECTION 219.2 TO PLACE VERTICAL CONTROLS ON THE CONVERSION OF DESIGNATED LANDMARK BUILDINGS TO OFFICE USE IN PDR-1-D AND PDR-1-G DISTRICTS, REQUIRE THE REVIEW OF THE PROPOSAL BY THE HISTORIC PRESERVATION COMMISSION AND A CONDITIONAL USE AUTHORIZATION FROM THE PLANNING COMMISSION, AFFIRMING THE PLANNING DEPARTMENT'S CALIFORNIA ENVIRONMENTAL QUALITY ACT DETERMINATION, AND MAKING PLANNING CODE SECTION 302 FINDINGS, AND FINDINGS OF CONSISTENCY WITH THE GENERAL PLAN AND THE PRIORITY POLICIES OF PLANNING CODE SECTION 101.1.

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

WHEREAS, The Historic Preservation Commission (hereinafter "Commission") conducted two duly noticed public hearings at a regularly scheduled meeting to consider the proposed Ordinance on September 17, 2014 and October 1, 2014; and,

WHEREAS, the Historic Preservation Commission has heard and considered the testimony presented to it at the public hearing and has further considered written materials and oral testimony presented on behalf of Department staff and other interested parties; and

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

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

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

- (1) Require that projects seeking office space in Landmark buildings in PDR-1-D and PDR-1-G Districts receive a Conditional Use Authorization from the Planning Commission rather than be principally permitted by amending the PDR-1-D and PDR-1-G columns in Planning Code Section 219(a) through (d).
- (2) Establish a new process for projects seeking office space in Landmark buildings in PDR-1-D and PDR-1-G Districts through the establishment of a new Planning Code Section 219.2, which would say as follows:

219.2. Office in Landmark Buildings in the PDR-1-D and PDR-1-G Districts

In order to be eligible to receive a Conditional Use Authorization for the provision of office space in landmark buildings in the PDR-1-D and PDR-1-G Districts:

- (a) The applicant must submit a Historic Structures Report (HSR) to the Planning Department.
 - (1) The scope of the HSR will be developed in consultation with Planning Department staff.
 - (2) The HSR must be prepared by a licensed historic architect who meets the Secretary of the Interior's Professional Qualification Standards.
- (b) The Historic Preservation Commission shall review the HSR for the proposed project's ability to enhance the feasibility of preserving the building.
- (c) The Historic Preservation Commission shall review the proposal, including any proposed work related to the change in use, for its compliance with the Secretary of the Interior's Standards, (36 C.F.R. § 67.7 (2001)).
- (d) The Planning Commission shall consider the following Conditional Use criteria, in addition to the criteria set forth in Section 303(c) and (d):
 - (1) The Historic Preservation Commission's assessment of the proposed project's ability to enhance the feasibility of preserving the building
 - (2) The Historic Preservation Commission's assessment of the proposed project's compliance with the Secretary of the Interior's Standards
 - (3) The economic need of the improvements relative to preservation of the building
 - (4) The ability for the office tenants to be physically compatible with the PDR tenants
 - (5) The relocation strategy for any displaced PDR tenants, and
 - (6) The impact of the proposed change on the surrounding community

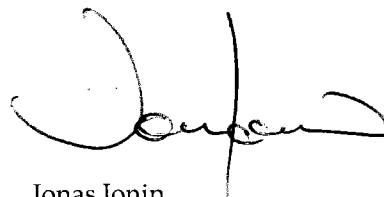
FINDINGS

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

1. In 2008, the Board of Supervisors adopted the Eastern Neighborhoods Plan and related zoning. This legislative package is comprised of Ordinance Nos. 297-08, 298-08, and 299-08, copies of which are on file with the Clerk of the Board of Supervisors in File Nos. 081152, 081153, and 081154 respectively, and incorporated herein by reference. Since the adoption of this Plan and its associated zoning, the City has determined that the continued establishment, evolution, and adaptation of these uses demands a more responsive set of zoning controls in the Planning Code.
2. The Eastern Neighborhoods Plan in part supported the preservation of PDR (production, distribution, and repair) uses and encouraged such uses in the southeastern neighborhoods of the City.
3. The Eastern Neighborhoods Plan also supported the preservation viability of designated landmark buildings by allowing flexibility of permitted uses in such buildings by principally permitting the conversion of PDR space to office space.
4. The proposed zoning controls in the subject legislation retain an adequate amount of use flexibility and corresponding preservation incentive for maintenance and designation of landmark buildings in PDR Districts while simultaneously preserving a substantial amount of PDR uses in these buildings.
5. The proposed zoning controls in the subject legislation would ensure that the Historic Preservation Commission would review projects seeking office space in Landmark buildings in the PDR-1-D and PDR-1-G Districts for the proposed project's ability to enhance the feasibility of preserving the building and to for the proposed project's compliance with the Secretary of Interior's Standards.
6. The proposed zoning controls in the subject legislation would ensure that the Planning Commission would review all projects seeking office space in Landmark buildings in the PDR-1-D and PDR-1-G Districts, and assess them based on criteria that includes their feasibility of preserving the building, as well as other economic and social goals.

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

I hereby certify that the foregoing Resolution was adopted by the Commission at its meeting on October 1, 2014.



Jonas Ionin
Commission Secretary

AYES: Hasz, Johnck, Johns, Matsuda, Pearlman, Wolfram

NOES:

ABSENT: Hyland

ADOPTED: October 1, 2014



SAN FRANCISCO PLANNING DEPARTMENT

Planning Commission Resolution 19251 HEARING DATE OCTOBER 2, 2014

1650 Mission St.
Suite 400
San Francisco,
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Project Name: Office Conversion Controls In Landmark Buildings
Case Number: 2014.1249T [Board File No. 140876]
Initiated by: Supervisor Cohen
Staff Contact: Steve Wertheim, Citywide Planning
steve.wertheim@sfgov.org, 415-558-6612
Reviewed by: Joshua Switzky, Citywide Planning
joshua.switzky@sfgov.org, 415-575-6815
Timothy Frye, Preservation Coordinator
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Recommendation: **Recommend Approval with Modifications of the Draft Ordinance**

RECOMMENDING THAT THE BOARD OF SUPERVISORS ADOPT A PROPOSED ORDINANCE THAT WOULD AMEND THE PLANNING CODE BY REVISING SECTIONS 219 AND 803.9 AND CREATING A NEW SECTION 219.2 TO PLACE VERTICAL CONTROLS ON THE CONVERSION OF DESIGNATED LANDMARK BUILDINGS TO OFFICE USE IN PDR-1-D AND PDR-1-G DISTRICTS, REQUIRE THE REVIEW OF THE PROPOSAL BY THE HISTORIC PRESERVATION COMMISSION AND A CONDITIONAL USE AUTHORIZATION FROM THE PLANNING COMMISSION, AFFIRMING THE PLANNING DEPARTMENT'S CALIFORNIA ENVIRONMENTAL QUALITY ACT DETERMINATION, AND MAKING PLANNING CODE SECTION 302 FINDINGS, AND FINDINGS OF CONSISTENCY WITH THE GENERAL PLAN AND THE PRIORITY POLICIES OF PLANNING CODE SECTION 101.1.

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

WHEREAS, The Historic Preservation Commission voted to recommend to approve with modifications the proposed Ordinance at a regularly scheduled meeting on October 1, 2014; and,

WHEREAS, The Planning Commission (hereinafter "Commission") conducted a duly noticed public hearing at a regularly scheduled meeting to consider the proposed Ordinance on October 2, 2014 and October 1, 2014; and,

WHEREAS, 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 Department staff and other interested parties; and

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

WHEREAS, the Commission has reviewed the proposed Ordinance; and

MOVED, that the Commission hereby recommends that the Board of Supervisors **approve the proposed ordinance with the following modifications:**

- (1) Require that projects seeking office space in Landmark buildings in PDR-1-D and PDR-1-G Districts receive a Conditional Use Authorization from the Planning Commission rather than be principally permitted by amending the PDR-1-D and PDR-1-G columns in Planning Code Section 219(a) through (d).
- (2) Establish a new process for projects seeking office space in Landmark buildings in PDR-1-D and PDR-1-G Districts through the establishment of a new Planning Code Section 219.2, which would say as follows:

219.2. Office in Landmark Buildings in the PDR-1-D and PDR-1-G Districts

In order to be eligible to receive a Conditional Use Authorization for the provision of office space in landmark buildings in the PDR-1-D and PDR-1-G Districts:

- (a) The applicant must submit a Historic Structures Report (HSR) to the Planning Department.
 - (1) The scope of the HSR will be developed in consultation with Planning Department staff.
 - (2) The HSR must be prepared by a licensed historic architect who meets the Secretary of the Interior's Professional Qualification Standards.
- (b) The Historic Preservation Commission shall review the HSR for the proposed project's ability to enhance the feasibility of preserving the building.
- (c) The Historic Preservation Commission shall review the proposal, including any proposed work related to the change in use, for its compliance with the Secretary of the Interior's Standards, (36 C.F.R. § 67.7 (2001)).
- (d) The Planning Commission shall consider the following Conditional Use criteria, in addition to the criteria set forth in Section 303(c) and (d):
 - (1) The Historic Preservation Commission's assessment of the proposed project's ability to enhance the feasibility of preserving the building
 - (2) The Historic Preservation Commission's assessment of the proposed project's compliance with the Secretary of the Interior's Standards
 - (3) The economic need of the improvements relative to preservation of the building
 - (4) The ability for the office tenants to be physically compatible with the PDR tenants
 - (5) The relocation strategy for any displaced PDR tenants, and
 - (6) The impact of the proposed change on the surrounding community

FINDINGS

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

1. In 2008, the Board of Supervisors adopted the Eastern Neighborhoods Plan and related zoning. This legislative package is comprised of Ordinance Nos. 297-08, 298-08, and 299-08, copies of which are on file with the Clerk of the Board of Supervisors in File Nos. 081152, 081153, and 081154 respectively, and incorporated herein by reference. Since the adoption of this Plan and its associated zoning, the City has determined that the continued establishment, evolution, and adaptation of these uses demands a more responsive set of zoning controls in the Planning Code.
2. The Eastern Neighborhoods Plan in part supported the preservation of PDR (production, distribution, and repair) uses and encouraged such uses in the southeastern neighborhoods of the City.
3. The Eastern Neighborhoods Plan also supported the preservation viability of designated landmark buildings by allowing flexibility of permitted uses in such buildings by principally permitting the conversion of PDR space to office space.
4. The proposed zoning controls in the subject legislation retain an adequate amount of use flexibility and corresponding preservation incentive for maintenance and designation of landmark buildings in PDR Districts while simultaneously preserving a substantial amount of PDR uses in these buildings.
5. The proposed zoning controls in the subject legislation would ensure that the Historic Preservation Commission would review projects seeking office space in Landmark buildings in the PDR-1-D and PDR-1-G Districts for the proposed project's ability to enhance the feasibility of preserving the building and to for the proposed project's compliance with the Secretary of Interior's Standards.
6. The proposed zoning controls in the subject legislation would ensure that the Planning Commission would review all projects seeking office space in Landmark buildings in the PDR-1-D and PDR-1-G Districts, and assess them based on criteria that include their feasibility of preserving the building, as well as other economic and social goals.
7. **General Plan Compliance.** The proposed amendments to the Planning Code and Administrative Code are in keeping with the Central Waterfront, Mission, and Showplace Square/Potrero Hill Area Plans, particularly to protect and promote PDR activities (Policy 1.1.1 in all three Area Plans) and to promote and offer incentives for the rehabilitation of historic buildings (Policy 8.2.3 in the Mission Area Plan); the Commission finds that the proposed Ordinance is not inconsistent with the Objectives and Policies of the General Plan.
8. **Planning Code Section 101 Findings.** The proposed amendments to the Planning Code are consistent with the eight Priority Policies set forth in Section 101.1(b) of the Planning Code in that:
 1. That existing neighborhood-serving retail uses be preserved and enhanced and future

opportunities for resident employment in and ownership of such businesses enhanced;

The proposed Ordinance would not have a negative impact on neighborhood serving retail uses and will not impact opportunities for resident employment in and ownership of neighborhood-serving retail.

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

The proposed Ordinance would have a positive impact on the character of industrial neighborhoods by maintaining more PDR uses.

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

The proposed Ordinance would not have an adverse effect on the City's supply of affordable housing.

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

The proposed Ordinance would have a positive effect on commuter traffic by limiting the amount of office space in industrial districts, which tend to be less well served by transit.

5. 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 Ordinance would protect our industrial and service sectors by limiting the amount of commercial office development in industrial buildings.

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

The proposed Ordinance would not have an impact on City's preparedness against injury and loss of life in an earthquake.

7. That the landmarks and historic buildings be preserved;

The proposed Ordinance would continue to support the preservation of landmark buildings by continuing to allow some office uses in these buildings.

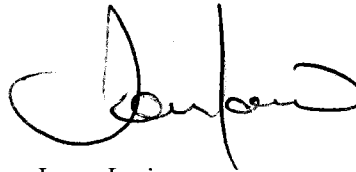
8. That our parks and open space and their access to sunlight and vistas be protected from development;

The proposed Ordinance would not have an impact on the City's parks and open space and their access to sunlight and vistas.

8. **Planning Code Section 302 Findings.** The Commission finds from the facts presented that the public necessity, convenience and general welfare require the proposed amendments to the Planning Code as set forth in Section 302.

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

I hereby certify that the foregoing Resolution was adopted by the Commission at its meeting on October 2, 2014.



Jonas Ionin
Commission Secretary

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

NOES:

ABSENT: Wu

ADOPTED: October 2, 2014



SAN FRANCISCO PLANNING DEPARTMENT

Executive Summary Planning Code Text Change HEARING DATE: OCTOBER 2, 2014

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

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PLANNING CODE AMENDMENT

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

The Way It Is Now:

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

The Way It Would Be:

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

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

ISSUES AND CONSIDERATIONS

General Plan Policies Support Both PDR and Historic Resources

The PDR-1-D and PDR-1-G Districts are contained within the Central Waterfront, Mission, and Showplace Square/Potrero Hill Area Plans. All three of these plans emphasize that the City should protect and promote PDR activities by prohibiting new housing and limiting new office and retail space

(Policy 1.1.1 in all three Area Plans). Simultaneously, all of these plans recommend that the City should support the viability of historic buildings by offering preservation incentives such as flexibility in use controls (Policy 8.2.3 in all three Area Plans).

The Incentives for Adaptive Reuse are Substantial

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

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

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

The Demand for PDR Space is Substantial

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

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

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

The Current Process in PDR Districts Entails Less Scrutiny than in Other Districts

In addition to the PDR-1-D and PDR-1-G Districts, there are numerous zoning districts in the Eastern Neighborhoods that include preservation incentives for historic buildings, as articulated in Planning Code Section 803.9. In these other districts, projects seeking additional office space for historic buildings need to demonstrate how such space will enhance the feasibility of preserving the building. In the SLI District, which is similar to the PDR Districts in that it does not otherwise allow office or housing uses, office allocation for historic buildings requires a Conditional Use Authorization from the Planning Commission. By contrast, in the PDR Districts, approval for office uses in historic buildings is principally permitted, and projects do not need to demonstrate how such space will enhance the feasibility of preserving the building.

REQUIRED COMMISSION ACTION

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

RECOMMENDATION

The Department recommends that the Commission recommend *approval with modifications* of the proposed Ordinance and adopt the Draft Resolution to that effect. The proposed modifications are as follows:

- Require that projects seeking office space in Landmark buildings in PDR-1-D and PDR-1-G Districts receive a Conditional Use Authorization from the Planning Commission rather than be principally permitted by amending the PDR-1-D and PDR-1-G columns in Planning Code Section 219(a) through (d).
- Establish a new process for projects seeking office space in Landmark buildings in PDR-1-D and PDR-1-G Districts through the establishment of a new Planning Code Section 219.2, which would say as follows:

219.2. Office in Landmark Buildings in the PDR-1-D and PDR-1-G Districts

In order to be eligible to receive a Conditional Use Authorization for the provision of office space in landmark buildings in the PDR-1-D and PDR-1-G Districts:

- (a) The applicant must submit a Historic Structures Report (HSR) to the Planning Department.
 - (1) The scope of the HSR will be developed in consultation with Planning Department staff.
 - (2) The HSR must be prepared by a licensed historic architect who meets the Secretary of the Interior's Professional Qualification Standards.
- (b) The Historic Preservation Commission shall review the HSR for the proposed project's ability to enhance the feasibility of preserving the building.
- (c) The Historic Preservation Commission shall review the proposal, including any proposed work related to the change in use, for its compliance with the Secretary of the Interior's Standards, (36 C.F.R. § 67.7 (2001)).
- (d) The Planning Commission shall consider the following Conditional Use criteria, in addition to the criteria set forth in Section 303(c) and (d):
 - (1) The Historic Preservation Commission's assessment of the proposed project's ability to enhance the feasibility of preserving the building;
 - (2) The Historic Preservation Commission's assessment of the proposed project's compliance with the Secretary of the Interior's Standards;
 - (3) The economic need of the improvements relative to preservation of the building;
 - (4) The ability for the office tenants to be physically compatible with the PDR tenants;
 - (5) The relocation strategy for any displaced PDR tenants; and
 - (6) The impact of the proposed change on the surrounding community.

BASIS FOR RECOMMENDATION

Planning Department staff is supportive of the main thrust of the proposed legislation, which is to balance the need to support the viability of historic buildings while protecting space for PDR. Under current City law and economic conditions, it is foreseeable that up to a million square feet of PDR space could be converted to office in PDR Districts. The proposed legislation attempts to solve this conundrum by retaining some use flexibility for landmark properties while limiting the amount of PDR space that can be converted to office. It would do so by reducing the amount of space that can be converted to office in order to maintain some PDR space and amending the process for such conversions. As such, landmark buildings would receive some flexibility in permitted uses to allow for adaptive reuse, while a substantial PDR presence would remain.

The mechanism proposed in the legislation is vertical floor control, in which a certain number of floors would be permitted to convert to office, depending on the total number of floors in the building. This

mechanism has been in place for a number of years in the Mixed-Use General (MUG) and Urban Mixed Use (UMU) Districts, and has proven to be relatively simple to understand and implement.

At the direction of the Historic Preservation Commission, Department staff also has proposed modifications that the Historic Preservation Commission and the Planning Commission may choose to recommend to the Board of Supervisors. These modifications would require review of projects seeking office space in Landmark buildings in the PDR-1-D and PDR-1-G Districts by the Historic Preservation Commission (HPC). Additional consideration by the HPC is in keeping with practices undertaken in other Eastern Neighborhoods Districts, but not currently the practice in the PDR-1-D and PDR-1-G Districts. These modifications would also necessitate that such projects attain a Conditional Use (CU) Authorization from the Planning Commission, instead of being permitted as-of-right. As part of this CU process, the Planning Commission would consider the HPC's input, as well as additional economic and social criteria intended to ensure the continued wellbeing of PDR uses in the subject and surrounding buildings.

The impact of the legislation cannot be known with certainty, as there are currently no designated landmark buildings in the PDR-1-D and PDR-1-G Districts. However, an analysis of the buildings preliminarily identified as being potential landmarks determined that, were the proposed legislation to be implemented, the maximum displacement of PDR in these buildings would be approximately 330,000 square feet – 67% less than under existing controls. Including measures that align the change in use process with similar Code provisions in other Eastern Neighborhoods Districts could further reduce this displacement. It will also allow decision-makers to focus on proposed projects that will result in the most benefit for the long-term preservation historic buildings relative to impact on PDR uses.

ENVIRONMENTAL REVIEW

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

PUBLIC COMMENT

Public comment was received at the Historic Preservation Commission hearing on September 17th, 2014. Comments included support for the proposed legislation and general concern over the protection of PDR space in San Francisco. The Planning Department has not received any additional public comment on this item as of September 25, 2014.

RECOMMENDATION:	Recommendation of Approval with Modifications
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Attachments

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

Attachment A – Proposed Ordinance 140876

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

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

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

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

15 Section 1.

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

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

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

3 **SEC. 219. OFFICES.**

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

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

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

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

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

21 **Table 803.9(h)**

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

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

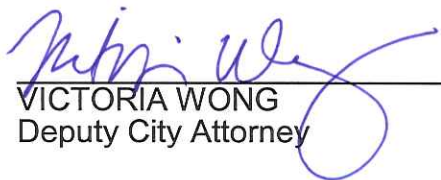
(E) For projects *in MUG and UMU Districts* with multiple buildings, consolidation of permitted office stories may be permitted, pursuant to the controls set forth in 329(d)(8).

* * * *

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

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

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

By: 
VICTORIA WONG
Deputy City Attorney

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



SAN FRANCISCO PLANNING DEPARTMENT

Planning Commission Draft Resolution

HEARING DATE OCTOBER 2, 2014

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

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

Reception:
415.558.6378

Fax:
415.558.6409

Planning
Information:
415.558.6377

RECOMMENDING THAT THE BOARD OF SUPERVISORS ADOPT A PROPOSED ORDINANCE THAT WOULD AMEND THE PLANNING CODE BY REVISING SECTIONS 219 AND 803.9 AND CREATING A NEW SECTION 219.2 TO PLACE VERTICAL CONTROLS ON THE CONVERSION OF DESIGNATED LANDMARK BUILDINGS TO OFFICE USE IN PDR-1-D AND PDR-1-G DISTRICTS, REQUIRE THE REVIEW OF THE PROPOSAL BY THE HISTORIC PRESERATION COMMISSION AND A CONDITIONAL USE AUTHORIZATION FROM THE PLANNING COMMISSION, AFFIRMING THE PLANNING DEPARTMENT'S CALIFORNIA ENVIRONMENTAL QUALITY ACT DETERMINATION, AND MAKING PLANNING CODE SECTION 302 FINDINGS, AND FINDINGS OF CONSISTENCY WITH THE GENERAL PLAN AND THE PRIORITY POLICIES OF PLANNING CODE SECTION 101.1.

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

WHEREAS, The Historic Preservation Commission voted to recommend to *(TBD: approve/approve with modifications/reject)* the proposed Ordinance at a regularly scheduled meeting on October 1, 2014; and,

WHEREAS, The Planning Commission (hereinafter "Commission") conducted a duly noticed public hearing at a regularly scheduled meeting to consider the proposed Ordinance on October 2, 2014 and October 1, 2014; and,

WHEREAS, 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 Department staff and other interested parties; and

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

WHEREAS, the Commission has reviewed the proposed Ordinance; and

MOVED, that the Commission hereby recommends that the Board of Supervisors **approve the proposed ordinance with the following modifications:**

- (1) Require that projects seeking office space in Landmark buildings in PDR-1-D and PDR-1-G Districts receive a Conditional Use Authorization from the Planning Commission rather than be principally permitted by amending the PDR-1-D and PDR-1-G columns in Planning Code Section 219(a) through (d).
- (2) Establish a new process for projects seeking office space in Landmark buildings in PDR-1-D and PDR-1-G Districts through the establishment of a new Planning Code Section 219.2, which would say as follows:

219.2. Office in Landmark Buildings in the PDR-1-D and PDR-1-G Districts

In order to be eligible to receive a Conditional Use Authorization for the provision of office space in landmark buildings in the PDR-1-D and PDR-1-G Districts:

- (a) The applicant must submit a Historic Structures Report (HSR) to the Planning Department.
 - (1) The scope of the HSR will be developed in consultation with Planning Department staff.
 - (2) The HSR must be prepared by a licensed historic architect who meets the Secretary of the Interior's Professional Qualification Standards.
- (b) The Historic Preservation Commission shall review the HSR for the proposed project's ability to enhance the feasibility of preserving the building.
- (c) The Historic Preservation Commission shall review the proposal, including any proposed work related to the change in use, for its compliance with the Secretary of the Interior's Standards, (36 C.F.R. § 67.7 (2001)).
- (d) The Planning Commission shall consider the following Conditional Use criteria, in addition to the criteria set forth in Section 303(c) and (d):
 - (1) The Historic Preservation Commission's assessment of the proposed project's ability to enhance the feasibility of preserving the building
 - (2) The Historic Preservation Commission's assessment of the proposed project's compliance with the Secretary of the Interior's Standards
 - (3) The economic need of the improvements relative to preservation of the building
 - (4) The ability for the office tenants to be physically compatible with the PDR tenants
 - (5) The relocation strategy for any displaced PDR tenants, and
 - (6) The impact of the proposed change on the surrounding community

FINDINGS

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

1. In 2008, the Board of Supervisors adopted the Eastern Neighborhoods Plan and related zoning. This legislative package is comprised of Ordinance Nos. 297-08, 298-08, and 299-08, copies of which are on file with the Clerk of the Board of Supervisors in File Nos. 081152, 081153, and 081154 respectively, and incorporated herein by reference. Since the adoption of this Plan and its associated zoning, the City has determined that the continued establishment, evolution, and adaptation of these uses demands a more responsive set of zoning controls in the Planning Code.
2. The Eastern Neighborhoods Plan in part supported the preservation of PDR (production, distribution, and repair) uses and encouraged such uses in the southeastern neighborhoods of the City.
3. The Eastern Neighborhoods Plan also supported the preservation viability of designated landmark buildings by allowing flexibility of permitted uses in such buildings by principally permitting the conversion of PDR space to office space.
4. The proposed zoning controls in the subject legislation retain an adequate amount of use flexibility and corresponding preservation incentive for maintenance and designation of landmark buildings in PDR Districts while simultaneously preserving a substantial amount of PDR uses in these buildings.
5. The proposed zoning controls in the subject legislation would ensure that the Historic Preservation Commission would review projects seeking office space in Landmark buildings in the PDR-1-D and PDR-1-G Districts for the proposed project's ability to enhance the feasibility of preserving the building and to for the proposed project's compliance with the Secretary of Interior's Standards.
6. The proposed zoning controls in the subject legislation would ensure that the Planning Commission would review all projects seeking office space in Landmark buildings in the PDR-1-D and PDR-1-G Districts, and assess them based on criteria that include their feasibility of preserving the building, as well as other economic and social goals.
7. **General Plan Compliance.** The proposed amendments to the Planning Code and Administrative Code are in keeping with the Central Waterfront, Mission, and Showplace Square/Potrero Hill Area Plans, particularly to protect and promote PDR activities (Policy 1.1.1 in all three Area Plans) and to promote and offer incentives for the rehabilitation of historic buildings (Policy 8.2.3 in the Mission Area Plan); the Commission finds that the proposed Ordinance is not inconsistent with the Objectives and Policies of the General Plan.
8. **Planning Code Section 101 Findings.** The proposed amendments to the Planning Code are consistent with the eight Priority Policies set forth in Section 101.1(b) of the Planning Code in that:
 1. That existing neighborhood-serving retail uses be preserved and enhanced and future

opportunities for resident employment in and ownership of such businesses enhanced;

The proposed Ordinance would not have a negative impact on neighborhood serving retail uses and will not impact opportunities for resident employment in and ownership of neighborhood-serving retail.

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

The proposed Ordinance would have a positive impact on the character of industrial neighborhoods by maintaining more PDR uses.

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

The proposed Ordinance would not have an adverse effect on the City's supply of affordable housing.

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

The proposed Ordinance would have a positive effect on commuter traffic by limiting the amount of office space in industrial districts, which tend to be less well served by transit.

5. 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 Ordinance would protect our industrial and service sectors by limiting the amount of commercial office development in industrial buildings.

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

The proposed Ordinance would not have an impact on City's preparedness against injury and loss of life in an earthquake.

7. That the landmarks and historic buildings be preserved;

The proposed Ordinance would continue to support the preservation of landmark buildings by continuing to allow some office uses in these buildings.

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

The proposed Ordinance would not have an impact on the City's parks and open space and their access to sunlight and vistas.

8. **Planning Code Section 302 Findings.** The Commission finds from the facts presented that the public necessity, convenience and general welfare require the proposed amendments to the Planning Code as set forth in Section 302.

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

I hereby certify that the foregoing Resolution was adopted by the Commission at its meeting on October 2, 2014.

Jonas Ionin
Commission Secretary

AYES:

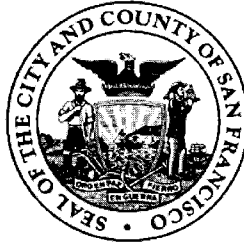
NOES:

ABSENT:

ADOPTED: October 2, 2014

Attachment C – Environmental Documentation

BOARD of SUPERVISORS



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

August 13, 2014

File No. 140876

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

Dear Ms. Jones:

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

File No. 140876

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

This legislation is being transmitted to you for environmental review.

Angela Calvillo, Clerk of the Board

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

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

Attachment

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

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

Joy Navarrete

Digitally signed by Joy Navarrete
DN: cn=Joy Navarrete, o=Planning,
ou=Environmental Planning,
email=joy.navarrete@sfgov.org, c=US
Date: 2014.09.09 14:27:49 -07'00'