



SAN FRANCISCO PLANNING DEPARTMENT

Subject to: (Select only if applicable)

- Transit Impact Development Fee (Sec. 411)
- Affordable Housing (Sec. 415)
- Jobs Housing Linkage Program (Sec. 413)
- First Source Hiring (Admin. Code)
- Child Care Requirement (Sec. 414)
- Public Art (Section 429)

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Planning Commission Motion No. 19782

HEARING DATE: NOVEMBER 17, 2016

Case No.: **2013.1049CXVPCA**
 Project Address: **950-974 Market Street**
 Zoning: C-3-G Downtown General
 120-X Height and Bulk District
 Block/Lot: 0342/001, 002, 004, and 014
 Project Sponsor: Michelle Lin, Mid Market Center, LLC
 500 Sansome Street, Suite 750
 San Francisco, CA 94111
Michelle@groupi.com
 Staff Contact: Claudine Asbagh – (415) 575-9165
Claudine.Asbagh@sfgov.org

ADOPTING FINDINGS RELATING TO THE APPROVAL OF A CONDITIONAL USE AUTHORIZATION PURSUANT TO PLANNING CODE SECTIONS 124, 210.2 AND 303 TO CONSTRUCT A TOURIST HOTEL AND TO EXCLUDE ON-SITE AFFORDABLE UNITS FROM THE FAR CALCULATION AT 950-974 MARKET STREET, ASSESSOR’S BLOCK NO. 0342, LOTS 001, 002, 004, AND 014, WITHIN THE C-3-G (DOWNTOWN GENERAL) ZONING DISTRICT, AND THE 120-X HEIGHT AND BULK DISTRICT. THE PROJECT WOULD DEMOLISH FOUR STRUCTURES AND ASSOCIATED SURFACE PARKING LOT AND CONSTRUCT A 120-FOOT TALL, 12-STORY-OVER-BASEMENT, APPROXIMATELY 408,342 GROSS-SQUARE-FOOT (GSF) BUILDING CONTAINING 242 DWELLING UNITS, A 232-ROOM HOTEL, 16,100 SQUARE FEET OF GROUND FLOOR RETAIL, AND 82 OFF-STREET PARKING SPACES.

PREAMBLE

On November 19, 2013, Michelle Lin on behalf of Mid Market Center, LLC ("Project Sponsor"), filed an application (Case No. 2013-1049) with the Planning Department ("Department") for Environmental Review, to allow the demolition of existing structures and associated surface parking lot and to construct a 190-foot-tall, 18-story, approximately 450,000 square-foot, mixed-use building with approximately 316 dwelling units, 310 hotel rooms, approximately 15,000 square feet of retail, 75,000 square feet of

arts/educational uses, and 198 off-street parking spaces at 950-974 Market Street ("Project Site") within the C-3-G, Downtown General Commercial Zoning District, and the 120-X Height and Bulk district.

On May 28, 2014, the Project Sponsor filed applications with the Department including: 1) an application with the Department for Compliance with Planning Code Section 309, with exceptions for Rear Yard requirements (Section 134), off-street loading requirements (Section 155(s)), and off-street tour bus loading requirements (Sections 162(b)); 2) a Conditional Use Authorization to construct a hotel use in the C-3-G District (Section 210.2), to exceed the residential density limit (Section 215(b)) and exclude on-site affordable units from FAR calculation (Section 124(f)), and to exceed the height limit per a proposed Mid-Market Special Use District (SUD) and Special Height District; and 3) Variances from planning code requirements.

On September 15, 2015, the Project Sponsor submitted revised applications to the Department that included: 1) an application with the Department for Compliance with Planning Code Section 309, with exceptions for Rear Yard requirements (Section 134), and off-street tour bus loading to provide zero spaces where one is required (Sections 162(b)); 2) a Conditional Use Authorization to construct a hotel use in the C-3-G District (Section 210.2), and to exclude affordable units from the FAR calculation (Section 124(f)); and 3) a request for a Variance to allow a 20-foot façade opening where 15 feet is permitted (Section 155(s) for off-street loading to allow direct access to loading spaces off of Turk Street. The project proposed the demolition of existing structures and associated surface parking lot and to construct a new 120-foot-tall, 12-story, approximately 408,300 square-foot, mixed-use building with 242 dwelling units, a 232-room hotel, approximately 16,100 square feet of retail use, and 82 off-street parking spaces.

On January 20, 2016, the Planning Department's Environmental Review Office issued a Notice of Completion, and published a Preliminary Mitigated Negative Declaration ("PMND") for the Project. The PMND was available for public comment until February 9, 2016.

On February 9, 2016, two appeals of the PMND were filed with the Department.

On February 22, 2016 the Planning Department's Environmental Review Office determined that the PMND should be recirculated because the Department was no longer seeking approval for the Mid-Market Arts and Arts Education SUD and Special Height District and due to substantial changes in the project.

On July 6, 2016, the Planning Department's Environmental Review Office issued a Notice of Completion, and recirculated the PMND for the Project that superseded the prior January 20, 2016 PMND. The PMND was available for public comment until July 26, 2016.

On July 26, 2016, an appeal of the recirculated PMND was filed with the Department.

On October 4, 2016, the Board of Supervisors introduced an Ordinance waiving the Jobs-Housing Linkage Fee set forth in Planning Code Section 413 et seq., the Inclusionary Affordable Housing requirements set forth in Planning Code Section 415 et seq., and the alternative water supply requirements set forth in Health Code Article 12C; exempting 26,572 square feet from the calculation of gross floor area pursuant to Planning Code Section 124 to allow the additional floor area, and exempting 26,572 square feet from Planning Code Sections 123 and 128 to reduce any required transferable

development rights by such amount, for a project located at 950-974 Market Street in San Francisco, in exchange for either (1) the dedication of real property at 180 Jones Street to the San Francisco Mayor's Office of Housing and Community Development at no cost and payment of approximately \$12.8 million to the 180 Jones Street Affordable Housing Fund, or (2) the construction of a minimum of 60 and a maximum of 70 affordable studio or efficiency rental units at 180 Jones Street; establishing the 180 Jones Street Affordable Housing Fund; accepting a \$2 million gift to the 180 Jones Street Affordable Housing Fund; and authorizing actions in furtherance of this ordinance; and adopting findings regarding the Final Mitigated Negative Declaration under the California Environmental Quality Act; making findings under Planning Code Section 302; and making findings of consistency with the General Plan and the eight priority policies of Planning Code Section 101.1.

On November 17, 2016, the Commission conducted a duly noticed public hearing at a regularly scheduled meeting on Planning Application No. 2013-1049CXVPCA and the Appeal of the Mitigated Negative Declaration, 2013.1049E.

On November 17, 2016, the Commission conducted a duly noticed public hearing at a regularly scheduled meeting to consider the proposed ordinance waiving the Jobs-Housing Linkage Fee set forth in Planning Code Section 413 et seq., the Inclusionary Affordable Housing requirements set forth in Planning Code Section 415 et seq., and the alternative water supply requirements set forth in Health Code Article 12C; exempting 26,572 square feet from the calculation of gross floor area pursuant to Planning Code Section 124 to allow the additional floor area, and exempting 26,572 square feet from Planning Code Sections 123 and 128 to reduce any required transferable development rights by such amount, for a project located at 950-974 Market Street in San Francisco, in exchange for either (1) the dedication of real property at 180 Jones Street to the San Francisco Mayor's Office of Housing and Community Development at no cost and payment of approximately \$12.8 million to the 180 Jones Street Affordable Housing Fund, or (2) the construction of a minimum of 60 and a maximum of 70 affordable studio or efficiency rental units at 180 Jones Street; establishing the 180 Jones Street Affordable Housing Fund; accepting a \$2 million gift to the 180 Jones Street Affordable Housing Fund; and authorizing actions in furtherance of this ordinance; and adopting findings regarding the Final Mitigated Negative Declaration under the California Environmental Quality Act; making findings under Planning Code Section 302; and making findings of consistency with the General Plan and the eight priority policies of Planning Code Section 101.1, Case No 2013-1049CXVPCA.

On November 17, 2016, the Commission upheld the PMND and approved the issuance of the Final Mitigated Negative Declaration (FMND) as prepared by the Planning Department in compliance with CEQA, the State CEQA Guidelines and Chapter 31.

On November 17, 2016, the Commission reviewed and considered the Final Mitigated Negative Declaration (FMND) and found that the contents of said report and the procedures through which the FMND was prepared, publicized, and reviewed complied with the California Environmental Quality Act (California Public Resources Code Sections 21000 et seq.) (CEQA), Title 14 California Code of Regulations Sections 15000 et seq. (the "CEQA Guidelines") and Chapter 31 of the San Francisco Administrative Code ("Chapter 31"); and

The Planning Commission found the FMND was adequate, accurate and objective, reflected the independent analysis and judgment of the Planning Department, and that the response to the appeal

contained no significant revisions to the Draft IS/MND, and approved the FMND for the Project in compliance with CEQA, the CEQA Guidelines and Chapter 31.

The Planning Department, Jonas P. Ionin, is the custodian of records; all pertinent documents are located in the File for Case No. 201301049E, at 1650 Mission Street, Fourth Floor, San Francisco, California.

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

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, Department staff, and other interested parties.

MOVED, that the Commission hereby approves the Conditional Use Authorization requested in Application No. 2013.1049CXVPCA, subject to the conditions contained in "EXHIBIT A" of this motion, based on the following findings:

FINDINGS

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

1. The above recitals are accurate and constitute findings of this Commission.
2. **Site Description and Present Use.** The 34,262 square-foot, triangular-shaped project site is located on four lots on the north side of Market Street between Mason and Taylor Streets, Block 0342, Lots 001, 002, 004, and 014. The site is occupied by four two- and three-story commercial buildings and a surface parking lot over a below grade parking structure. The project site has 268 feet of frontage on Market Street, 411 feet of frontage on Turk, and 78 feet of frontage on Taylor Street. The project also fronts onto Opal Place, a 10-foot-wide, east-to-west, dead-end public right-of-way between the project site and neighboring Warfield and Crazy Horse Theaters.

The site is located within the Downtown General Commercial Zoning District (C-3-G), the 120-X Height and Bulk District, and is located within the Downtown Plan Area.

3. **Surrounding Properties and Neighborhood.** The project site is located within the Mid-Market area at the edge of the Downtown/Civic Center neighborhood and adjacent to the South of Market (SoMa) and Tenderloin neighborhoods. Other zoning districts in the vicinity include: the SoMa NCT (Neighborhood Commercial) and C-3-S (Downtown Support) to the south and RC-4 (Residential-Commercial – High Density) to the north. The surrounding mixed-use area contains diverse building types and uses and is near the Market Street Theatre and Loft Historic District as well as the Uptown Tenderloin Historic District. The project site is approximately one block west of Hallidie Plaza and the Westfield Shopping Center and directly across Market Street from the currently under construction CityPlace Mall.

The existing development in the area surrounding the Project site is varied in scale and intensity. Buildings along Turk Street are generally lower and range in height from four to seven stories while buildings along Market Street tend to be taller but can range in height from two to 15 stories. Surrounding land uses include commercial, hotel, office, retail, residential, and theater uses. The site is immediately adjacent to the Crazy Horse and Warfield Theaters.

4. **Project Description.** The proposal would demolish four existing structures and associated surface parking lot and construct a 120-foot tall, 12-story-over-basement, approximately 408,342 gross-square-foot building containing 242 dwelling units, a 232-room hotel, 16,600 square feet of ground floor retail and arts activity. The project includes a residential unit mix of approximately 132 studios, 66 one-bedroom units, and 18 two-bedroom units. Common open space is provided at the 10,400 square-foot roof deck and the 2,352 square-foot Turk Street Plaza. The proposed project includes 146 Class 1 bicycle parking spaces, 42 Class 2 bicycle parking spaces, and 82 off-street parking spaces located within a below-grade garage accessible off of Taylor Street.

The project's hotel component would be located on the northwestern portion of the building, and accessed via a lobby located that has openings on both Turk and Market Streets. The residential component of the project would be located on the southeastern portion of the site, and face onto Turk, Mason, and Market Streets. The entrances for the residential units are located on Market Street and Turk Street, separate from the hotel entries. The ground floor would contain multiple retail spaces along Market, Taylor, and Turk Streets as well as a private open courtyard located mid-block on Market Street. In addition, the project would provide publically accessible open space along Turk Street in the form of a 2,352 square foot plaza, and a 2,300 square foot landscaped sidewalk seating area.

5. **Public Comment.** Community outreach has included meetings with the Project's neighbors, local businesses, community groups, individual residents, schools, religious organizations, and non-profits, including the Tenderloin Neighborhood Development Corporation, Tenderloin Housing Clinic, Tenderloin Economic Development Project, Central City SRO Collaborative, UC Hastings, Community Housing Partnerships, Urban Solutions, SF Bike Coalition, CounterPulse, St. Francis Foundation / Tenderloin Help Improvement Project, Central Market Community Benefit District, Housing Action Coalition, SPUR, Golden Gate Theatre, Market Street for the Masses, Mid-Market Business Association, as well as project sponsors, property owners, resident coordinators and tenants of neighboring properties.

To date, the Department has received correspondence expressing both support and opposition to the Project. In addition, an appeal of the PMND was filed.

6. **Planning Code Compliance:** The Planning Code Compliance Findings set forth in Motion No. 19783, Case No. 2014.1049CXVPCA (Downtown Project Authorization, pursuant to Planning Code Section 309) apply to this Motion, and are incorporated herein as though fully set forth.
7. **Planning Code Section 124(f):** For buildings in C-3-G and C-3-S Districts, other than those designated as Significant or Contributory pursuant to Article 11 of this Code, additional square footage above that permitted by the base floor area ratio limits set forth above may be approved for construction of dwellings on the site of the building affordable for the Life of the Project, as defined in Section 401, to households whose incomes are within 150 percent of AMI, as defined in

Section 401, for ownership units and up to 120% of AMI for rental units, in accordance with the conditional use procedures and criteria as provided in Section 303 of this Code.

In the event the project provides on-site inclusionary units pursuant to Planning Code Section 415, those units will be affordable to households that are within 150 percent of AMI, as defined in Section 401, for ownership units and up to 120% of AMI for rental units, and meet the criteria for additional square footage above the permitted 6.0:1 base FAR associated with those on-site affordable units, in this case a total of 26,572 gross square feet that is excluded from the calculation of FAR.

8. **Planning Code Section 303** 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 proposed Project is necessary and desirable in that it will provide 242 new dwelling-units to the City's housing stock and includes a mix of unit sizes that would appeal to a variety of households. The Project will add housing opportunities within the Mid-Market area at a density that is suitable for an intensely-developed urban area served by ample public transit and retail services. The project would contribute to the City's hotel stock which is significantly underserved. Additionally, the project will contribute to the commercial activity of the immediate area by replacing the existing retail frontages along Market Street and creating new retail frontages along Taylor and Turk Streets.

The existing development in the area surrounding the Project site is varied in scale and intensity. Buildings along Turk Street are generally lower and range in height from four to seven stories while buildings along Market Street tend to be taller but can range in height from two to 15 stories. Surrounding land uses include commercial, hotel, office, retail, residential, and theater uses. The site is immediately adjacent to the Crazy Horse and Warfield Theaters.

The project would be compatible with the surrounding uses and buildings and be a positive contribution to the Mid-Market and Tenderloin neighborhood and community. The project would provide publically accessible open space in the form of a triangular plaza and separate seating area along Turk Street. The project's intensity and mix of uses would help transform an underutilized block into an active area that serves both local residents and tourists alike.

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;

The project would merge four parcels into a single 34,262 square-foot, triangular-shaped parcel that would comprise the project site. The proposed structure would span the entirety of the site, however provides unobstructed open spaces generally mid-block along both Market and Turk

Streets. The open spaces help reduce the perceived mass of the building, and provide well landscaped active areas. Existing development in the vicinity varies in size and intensity, and the project is generally compatible with the eclectic character of the area.

- 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;

As discussed in the Final Mitigated Negative Declaration, the project would not result in a significant net increase in vehicular traffic, and would not negatively affect transit services or have significant adverse impacts on pedestrians or bicyclists.

The Project is situated on Market Street, a major rail and bus-transit corridor that provides convenient access from the Property to neighborhoods throughout the City, the East Bay, and the Peninsula. It is also one block from the Powell Street BART and MUNI stations, and is within one block of numerous MUNI bus lines. The Project provides 146 Class 1 bicycle parking spaces with a convenient and separate entrance designated for bicyclists, encouraging the use of bikes as a mode of transportation.

The Project provides a limited amount of off-street parking in support of the City's transit first policies. This off-street parking is located in a below-grade garage accessible from Taylor Street. Provision of bicycle storage areas along with the close proximity to mass transit is anticipated to encourage residents, employees and visitors to use alternate modes of transportation.

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

The Project includes residential and retail uses that are typical of the surrounding context, and will not introduce operational noises or odors that are detrimental, excessive, or atypical for the area. While some temporary increase in noise can be expected during construction, this noise is limited in duration and will be regulated by the San Francisco Noise Ordinance which prohibits excessive noise levels from construction activity and limits the permitted hours of work. The Project Sponsor will be required to spray the site to suppress dust during demolition, excavation, and construction; therefore, these activities should not generate significant airborne dust. The building will not exhibit an excessive amount of glazing or other reflective materials; therefore, the Project is not expected to cause offensive amounts of glare.

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

The Project proposes a variety of common and private open spaces in the form of roof decks, sidewalk seating areas, a courtyard and plaza. The project provides 14 new street trees along Turk Street. The conceptual plans show landscaping in the form of trees and other plantings in the open spaces. Parking is located within a subterranean garage that is not readily visible from the street, except for the access driveway. Conditions of approval require that, as the Project proceeds through the review of building permits, the Project Sponsor will continue to work Planning staff to refine details of lighting, signage, materials, and other aspects of the project.

- 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.

- D. That the use as proposed would provide development that is in conformity with the purpose of the applicable Neighborhood Commercial District.

The Project is not located within a Neighborhood Commercial District.

9. **Planning Code Section 303(g)** establishes criteria for the Planning Commission to consider when reviewing application for hotel projects, through the Conditional Use Process. On balance, the project complies with said criteria in that:

- 1) The impact of the employees of the hotel or motel on the demand in the City for housing, public transit, child-care, 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;

According to the Final Mitigated Negative Declaration, the addition of retail and hotel space in the Project could contribute to a population increase as a result of new employees potentially moving to the City and project area from out of the region. The proposed project would generate an estimated 250 employees; however, it is anticipated that most employees would come from the local and regional labor pools, and the number of employees moving from outside of the region would be negligible compared to the total population, and would not be a substantial increase in the citywide context. Therefore, direct and indirect population growth due to approval of the proposed project would be less than significant. As such, the impact of the employees of the hotel on the demand in the City for housing, public transit, child-care, and other social services would be minimal. In addition, the Project would add 242 new residential units, consisting of a mix of studio, one-bedroom, and two-bedroom residences. Based on the average household size in the City and County of San Francisco of 2.26 people per household, the addition of 242 new residential units would accommodate approximately 547 residents, significantly more than the number of on-site hotel employees. The Project will provide affordable housing and pay the Transportation Sustainability Fee and the Child Care Fee to support affordable housing and child care services in the area.

- 2) The measures that will be taken by the project sponsor to employ residents of San Francisco in order to minimize increased demand for regional transportation;

The Project Sponsor has agreed to provide a grant to support a Tenderloin-specific hospitality job training and recruitment program, to be led by Tenderloin based community organizations. This program, which will provide resources to both job-readiness and sector job-readiness training, will empower Tenderloin residents seeking an employment opportunity in the Project as well as a number of other projects in the area. Additionally, the Project has agreed to partner with Unite Here Local 2, the local hospitality workers union, and is expected to pay additional funds for job training through its ongoing contributions to the union's Education Fund. Both efforts will increase the likelihood of San Francisco residents being employed in the hotel and thereby minimize the demand on regional transportation.

- 3) The market demand for a hotel or motel of the type proposed

According to a March 25, 2015 market demand analysis prepared by PKF Consulting USA, the San Francisco Bay Area is the strongest lodging market in the United States with occupancy rates in the

high-70 to low-80 percent range. By comparison, the average occupancy for hotels nationwide was 64.4 percent in 2014. According to the report's findings, the addition of the boutique hotel will not have any material impact on the overall market's performance; in fact, the City of San Francisco is vastly underserved with regard to hotel supply and generates a significant amount of unsatisfied demand that is displaced to other markets throughout the Bay Area. Additionally, the report anticipates that the project would achieve a stabilized occupancy of 84 percent by 2019, in line with levels projected for the competitive market. With this occupancy, the Hotel will be operating at functional capacity level year-round.

- 10. General Plan Compliance.** The Planning Code Compliance Findings set forth in Motion No. 19783, Case No. 2014.1049CXVPCA (Downtown Project Authorization, pursuant to Planning Code Section 309) apply to this Motion, and are incorporated herein as though fully set forth.
- 11. Planning Code Section 101.1(b)** The Planning Code Priority Policy Findings set forth in Motion No. 19783, Case No. 2014.1049CXVPCA (Downtown Project Authorization, pursuant to Planning Code Section 309) apply to this Motion, and are incorporated herein as though fully set forth.
- 12.** The Project is consistent with and would promote the general and specific purposes of the Code provided under Section 101.1(b) in that, as designed, the Project would contribute to the character and stability of the neighborhood and would constitute a beneficial development.
- 13.** The Commission hereby finds that approval of the 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 Conditional Use Application No. 2013.1049CXVPCA** subject to the following conditions attached hereto as "EXHIBIT A" in general conformance with plans on file, dated October 7, 2016, and stamped "EXHIBIT B", which is incorporated herein by reference as though fully set forth.

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. 19782. 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.

Protest of Fee or Exaction: You may protest any fee or exaction subject to Government Code Section 66000 that is imposed as a condition of approval by following the procedures set forth in Government Code Section 66020. The protest must satisfy the requirements of Government Code Section 66020(a) and must be filed within 90 days of the date of the first approval or conditional approval of the development referencing the challenged fee or exaction. For purposes of Government Code Section 66020, the date of imposition of the fee shall be the date of the earliest discretionary approval by the City of the subject development.

If the City has not previously given Notice of an earlier discretionary approval of the project, the Planning Commission's adoption of this Motion, Resolution, Discretionary Review Action or the Zoning Administrator's Variance Decision Letter constitutes the approval or conditional approval of the development and the City hereby gives **NOTICE** that the 90-day protest period under Government Code Section 66020 has begun. If the City has already given Notice that the 90-day approval period has begun for the subject development, then this document does not re-commence the 90-day approval period.

I hereby certify that the Planning Commission **ADOPTED** the foregoing Motion on November 17, 2016.

Jonas P. Ionin
Commission Secretary

AYES: Hillis, Johnson, Koppel, Melgar, Richards, Fong

NAYS: Moore

ABSENT: None

ADOPTED: November 17, 2016

EXHIBIT A

AUTHORIZATION

This authorization is for a conditional use to establish a Hotel (Sections 303, 210.2), and to exceed the Maximum F.A.R. by providing on-site affordable dwelling units (Section 124(f)) at 950 Market Street within the C-3-G (Downtown General Commercial) District and a 120-X Height and Bulk District; in general conformance with plans, dated October 7, 2016 and stamped "EXHIBIT B" included in the docket for Case No. 2013.1049CXVPCA and subject to conditions of approval reviewed and approved by the Commission on November 17, 2016 under Motion No. 19872. 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 Planning Code Compliance Findings set forth in Motion No. 19783, Case No. 2013.1049CXVPCA (Downtown Project Authorization, pursuant to Planning Code Section 309) apply to this Motion, and are incorporated herein as though fully set forth.

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 November 17, 2016 under Motion No 19782.

PRINTING OF CONDITIONS OF APPROVAL ON PLANS

The conditions of approval under the 'Exhibit A' of this Planning Commission Motion No. 19782 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.** The authorization and right vested by virtue of this action is valid for three (3) years from the effective date of the Motion. The Department of Building Inspection shall have issued a Building Permit or Site Permit to construct the project and/or commence the approved use within this three- year period.
For information about compliance, contact Code Enforcement, Planning Department at 415-575-6863, www.sf-planning.org
2. **Expiration and Renewal.** Should a Building or Site Permit be sought after the three (3) year period has lapsed, the project sponsor must seek a renewal of this Authorization by filing an application for an amendment to the original Authorization or a new application for Authorization. Should the project sponsor decline to so file, and decline to withdraw the permit application, the Commission shall conduct a public hearing in order to consider the revocation of the Authorization. Should the Commission not revoke the Authorization following the closure of the public hearing, the Commission shall determine the extension of time for the continued validity of the Authorization.
For information about compliance, contact Code Enforcement, Planning Department at 415-575-6863, www.sf-planning.org
3. **Diligent pursuit.** 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. Failure to do so shall be grounds for the Commission to consider revoking the approval if more than three (3) years have passed since this Authorization was approved.
For information about compliance, contact Code Enforcement, Planning Department at 415-575-6863, www.sf-planning.org
4. **Extension.** All time limits in the preceding three paragraphs may be extended at the discretion of the Zoning Administrator where implementation of the project is delayed by a public agency, an appeal or a legal challenge and only by the length of time for which such public agency, appeal or challenge has caused delay.
For information about compliance, contact Code Enforcement, Planning Department at 415-575-6863, www.sf-planning.org
5. **Conformity with Current Law.** No application for Building Permit, Site Permit, or other entitlement shall be approved unless it complies with all applicable provisions of City Codes in effect at the time of such approval.
For information about compliance, contact Code Enforcement, Planning Department at 415-575-6863, www.sf-planning.org
6. **Additional Project Authorization.** Additional Project Authorization. The Conditions of Approval

set forth in Exhibit A of Motion No. 19783, Case No. 2013.1049CXVPCA (Downtown Project Authorization under Planning Code Section 309) apply to this approval, and are incorporated herein as though fully set forth, except as modified herein. 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.



SAN FRANCISCO PLANNING DEPARTMENT

Subject to: (Select only if applicable)

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120-X Height and Bulk District
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Project Sponsor: Michelle Lin, Mid Market Center, LLC
500 Sansome Street, Suite 750
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ADOPTING FINDINGS RELATING TO THE APPROVAL OF A CONDITIONAL USE AUTHORIZATION PURSUANT TO PLANNING CODE SECTIONS 124, 210.2 AND 303 TO CONSTRUCT A TOURIST HOTEL AND TO EXCLUDE ON-SITE AFFORDABLE UNITS FROM THE FAR CALCULATION AT 950-974 MARKET STREET, ASSESSOR'S BLOCK NO. 0342, LOTS 001, 002, 004, AND 014, WITHIN THE C-3-G (DOWNTOWN GENERAL) ZONING DISTRICT, AND THE 120-X HEIGHT AND BULK DISTRICT. THE PROJECT WOULD DEMOLISH FOUR STRUCTURES AND ASSOCIATED SURFACE PARKING LOT AND CONSTRUCT A 120-FOOT TALL, 12-STORY-OVER-BASEMENT, APPROXIMATELY 408,342 GROSS-SQUARE-FOOT (GSF) BUILDING CONTAINING 242 DWELLING UNITS, A 232-ROOM HOTEL, 16,100 SQUARE FEET OF GROUND FLOOR RETAIL, AND 82 OFF-STREET PARKING SPACES.

PREAMBLE

On November 19, 2013, Michelle Lin on behalf of Mid Market Center, LLC ("Project Sponsor"), filed an application (Case No. 2013-1049) with the Planning Department ("Department") for Environmental Review, to allow the demolition of existing structures and associated surface parking lot and to construct a 190-foot-tall, 18-story, approximately 450,000 square-foot, mixed-use building with approximately 316 dwelling units, 310 hotel rooms, approximately 15,000 square feet of retail, 75,000 square feet of

arts/educational uses, and 198 off-street parking spaces at 950-974 Market Street ("Project Site") within the C-3-G, Downtown General Commercial Zoning District, and the 120-X Height and Bulk district.

On May 28, 2014, the Project Sponsor filed applications with the Department including: 1) an application with the Department for Compliance with Planning Code Section 309, with exceptions for Rear Yard requirements (Section 134), off-street loading requirements (Section 155(s)), and off-street tour bus loading requirements (Sections 162(b)); 2) a Conditional Use Authorization to construct a hotel use in the C-3-G District (Section 210.2), to exceed the residential density limit (Section 215(b)) and exclude on-site affordable units from FAR calculation (Section 124(f)), and to exceed the height limit per a proposed Mid-Market Special Use District (SUD) and Special Height District; and 3) Variances from planning code requirements.

On September 15, 2015, the Project Sponsor submitted revised applications to the Department that included: 1) an application with the Department for Compliance with Planning Code Section 309, with exceptions for Rear Yard requirements (Section 134), and off-street tour bus loading to provide zero spaces where one is required (Sections 162(b)); 2) a Conditional Use Authorization to construct a hotel use in the C-3-G District (Section 210.2), and to exclude affordable units from the FAR calculation (Section 124(f)); and 3) a request for a Variance to allow a 20-foot façade opening where 15 feet is permitted (Section 155(s) for off-street loading to allow direct access to loading spaces off of Turk Street. The project proposed the demolition of existing structures and associated surface parking lot and to construct a new 120-foot-tall, 12-story, approximately 408,300 square-foot, mixed-use building with 242 dwelling units, a 232-room hotel, approximately 16,100 square feet of retail use, and 82 off-street parking spaces.

On January 20, 2016, the Planning Department's Environmental Review Office issued a Notice of Completion, and published a Preliminary Mitigated Negative Declaration ("PMND") for the Project. The PMND was available for public comment until February 9, 2016.

On February 9, 2016, two appeals of the PMND were filed with the Department.

On February 22, 2016 the Planning Department's Environmental Review Office determined that the PMND should be recirculated because the Department was no longer seeking approval for the Mid-Market Arts and Arts Education SUD and Special Height District and due to substantial changes in the project.

On July 6, 2016, the Planning Department's Environmental Review Office issued a Notice of Completion, and recirculated the PMND for the Project that superseded the prior January 20, 2016 PMND. The PMND was available for public comment until July 26, 2016.

On July 26, 2016, an appeal of the recirculated PMND was filed with the Department.

On October 4, 2016, the Board of Supervisors introduced an Ordinance waiving the Jobs-Housing Linkage Fee set forth in Planning Code Section 413 et seq., the Inclusionary Affordable Housing requirements set forth in Planning Code Section 415 et seq., and the alternative water supply requirements set forth in Health Code Article 12C; exempting 26,572 square feet from the calculation of gross floor area pursuant to Planning Code Section 124 to allow the additional floor area, and exempting 26,572 square feet from Planning Code Sections 123 and 128 to reduce any required transferable

development rights by such amount, for a project located at 950-974 Market Street in San Francisco, in exchange for either (1) the dedication of real property at 180 Jones Street to the San Francisco Mayor's Office of Housing and Community Development at no cost and payment of approximately \$12.8 million to the 180 Jones Street Affordable Housing Fund, or (2) the construction of a minimum of 60 and a maximum of 70 affordable studio or efficiency rental units at 180 Jones Street; establishing the 180 Jones Street Affordable Housing Fund; accepting a \$2 million gift to the 180 Jones Street Affordable Housing Fund; and authorizing actions in furtherance of this ordinance; and adopting findings regarding the Final Mitigated Negative Declaration under the California Environmental Quality Act; making findings under Planning Code Section 302; and making findings of consistency with the General Plan and the eight priority policies of Planning Code Section 101.1.

On November 17, 2016, the Commission conducted a duly noticed public hearing at a regularly scheduled meeting on Planning Application No. 2013-1049CXVPCA and the Appeal of the Mitigated Negative Declaration, 2013.1049E.

On November 17, 2016, the Commission conducted a duly noticed public hearing at a regularly scheduled meeting to consider the proposed ordinance waiving the Jobs-Housing Linkage Fee set forth in Planning Code Section 413 et seq., the Inclusionary Affordable Housing requirements set forth in Planning Code Section 415 et seq., and the alternative water supply requirements set forth in Health Code Article 12C; exempting 26,572 square feet from the calculation of gross floor area pursuant to Planning Code Section 124 to allow the additional floor area, and exempting 26,572 square feet from Planning Code Sections 123 and 128 to reduce any required transferable development rights by such amount, for a project located at 950-974 Market Street in San Francisco, in exchange for either (1) the dedication of real property at 180 Jones Street to the San Francisco Mayor's Office of Housing and Community Development at no cost and payment of approximately \$12.8 million to the 180 Jones Street Affordable Housing Fund, or (2) the construction of a minimum of 60 and a maximum of 70 affordable studio or efficiency rental units at 180 Jones Street; establishing the 180 Jones Street Affordable Housing Fund; accepting a \$2 million gift to the 180 Jones Street Affordable Housing Fund; and authorizing actions in furtherance of this ordinance; and adopting findings regarding the Final Mitigated Negative Declaration under the California Environmental Quality Act; making findings under Planning Code Section 302; and making findings of consistency with the General Plan and the eight priority policies of Planning Code Section 101.1, Case No 2013-1049CXVPCA.

On November 17, 2016, the Commission upheld the PMND and approved the issuance of the Final Mitigated Negative Declaration (FMND) as prepared by the Planning Department in compliance with CEQA, the State CEQA Guidelines and Chapter 31.

On November 17, 2016, the Commission reviewed and considered the Final Mitigated Negative Declaration (FMND) and found that the contents of said report and the procedures through which the FMND was prepared, publicized, and reviewed complied with the California Environmental Quality Act (California Public Resources Code Sections 21000 et seq.) (CEQA), Title 14 California Code of Regulations Sections 15000 et seq. (the "CEQA Guidelines") and Chapter 31 of the San Francisco Administrative Code ("Chapter 31"); and

The Planning Commission found the FMND was adequate, accurate and objective, reflected the independent analysis and judgment of the Planning Department, and that the response to the appeal

contained no significant revisions to the Draft IS/MND, and approved the FMND for the Project in compliance with CEQA, the CEQA Guidelines and Chapter 31.

The Planning Department, Jonas P. Ionin, is the custodian of records; all pertinent documents are located in the File for Case No. 201301049E, at 1650 Mission Street, Fourth Floor, San Francisco, California.

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

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, Department staff, and other interested parties.

MOVED, that the Commission hereby approves the Conditional Use Authorization requested in Application No. 2013.1049C_XVPCA, subject to the conditions contained in "EXHIBIT A" of this motion, based on the following findings:

FINDINGS

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

1. The above recitals are accurate and constitute findings of this Commission.
2. **Site Description and Present Use.** The 34,262 square-foot, triangular-shaped project site is located on four lots on the north side of Market Street between Mason and Taylor Streets, Block 0342, Lots 001, 002, 004, and 014. The site is occupied by four two- and three-story commercial buildings and a surface parking lot over a below grade parking structure. The project site has 268 feet of frontage on Market Street, 411 feet of frontage on Turk, and 78 feet of frontage on Taylor Street. The project also fronts onto Opal Place, a 10-foot-wide, east-to-west, dead-end public right-of-way between the project site and neighboring Warfield and Crazy Horse Theaters.

The site is located within the Downtown General Commercial Zoning District (C-3-G), the 120-X Height and Bulk District, and is located within the Downtown Plan Area.

3. **Surrounding Properties and Neighborhood.** The project site is located within the Mid-Market area at the edge of the Downtown/Civic Center neighborhood and adjacent to the South of Market (SoMa) and Tenderloin neighborhoods. Other zoning districts in the vicinity include: the SoMa NCT (Neighborhood Commercial) and C-3-S (Downtown Support) to the south and RC-4 (Residential-Commercial – High Density) to the north. The surrounding mixed-use area contains diverse building types and uses and is near the Market Street Theatre and Loft Historic District as well as the Uptown Tenderloin Historic District. The project site is approximately one block west of Hallidae Plaza and the Westfield Shopping Center and directly across Market Street from the currently under construction CityPlace Mall.

The existing development in the area surrounding the Project site is varied in scale and intensity. Buildings along Turk Street are generally lower and range in height from four to seven stories while buildings along Market Street tend to be taller but can range in height from two to 15 stories. Surrounding land uses include commercial, hotel, office, retail, residential, and theater uses. The site is immediately adjacent to the Crazy Horse and Warfield Theaters.

- 4. Project Description.** The proposal would demolish four existing structures and associated surface parking lot and construct a 120-foot tall, 12-story-over-basement, approximately 408,342 gross-square-foot building containing 242 dwelling units, a 232-room hotel, 16,600 square feet of ground floor retail and arts activity. The project includes a residential unit mix of approximately 132 studios, 66 one-bedroom units, and 18 two-bedroom units. Common open space is provided at the 10,400 square-foot roof deck and the 2,352 square-foot Turk Street Plaza. The proposed project includes 146 Class 1 bicycle parking spaces, 42 Class 2 bicycle parking spaces, and 82 off-street parking spaces located within a below-grade garage accessible off of Taylor Street.

The project's hotel component would be located on the northwestern portion of the building, and accessed via a lobby located that has openings on both Turk and Market Streets. The residential component of the project would be located on the southeastern portion of the site, and face onto Turk, Mason, and Market Streets. The entrances for the residential units are located on Market Street and Turk Street, separate from the hotel entries. The ground floor would contain multiple retail spaces along Market, Taylor, and Turk Streets as well as a private open courtyard located mid-block on Market Street. In addition, the project would provide publically accessible open space along Turk Street in the form of a 2,352 square foot plaza, and a 2,300 square foot landscaped sidewalk seating area.

- 5. Public Comment.** Community outreach has included meetings with the Project's neighbors, local businesses, community groups, individual residents, schools, religious organizations, and non-profits, including the Tenderloin Neighborhood Development Corporation, Tenderloin Housing Clinic, Tenderloin Economic Development Project, Central City SRO Collaborative, UC Hastings, Community Housing Partnerships, Urban Solutions, SF Bike Coalition, CounterPulse, St. Francis Foundation / Tenderloin Help Improvement Project, Central Market Community Benefit District, Housing Action Coalition, SPUR, Golden Gate Theatre, Market Street for the Masses, Mid-Market Business Association, as well as project sponsors, property owners, resident coordinators and tenants of neighboring properties.

To date, the Department has received correspondence expressing both support and opposition to the Project. In addition, an appeal of the PMND was filed.

- 6. Planning Code Compliance:** The Planning Code Compliance Findings set forth in Motion No. 19783, Case No. 2014.1049CXVPCA (Downtown Project Authorization, pursuant to Planning Code Section 309) apply to this Motion, and are incorporated herein as though fully set forth.
- 7. Planning Code Section 124(f):** For buildings in C-3-G and C-3-S Districts, other than those designated as Significant or Contributory pursuant to Article 11 of this Code, additional square footage above that permitted by the base floor area ratio limits set forth above may be approved for construction of dwellings on the site of the building affordable for the Life of the Project, as defined in Section 401, to households whose incomes are within 150 percent of AMI, as defined in

Section 401, for ownership units and up to 120% of AMI for rental units, in accordance with the conditional use procedures and criteria as provided in Section 303 of this Code.

In the event the project provides on-site inclusionary units pursuant to Planning Code Section 415, those units will be affordable to households that are within 150 percent of AMI, as defined in Section 401, for ownership units and up to 120% of AMI for rental units, and meet the criteria for additional square footage above the permitted 6.0:1 base FAR associated with those on-site affordable units, in this case a total of 26,572 gross square feet that is excluded from the calculation of FAR.

8. **Planning Code Section 303** 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 proposed Project is necessary and desirable in that it will provide 242 new dwelling-units to the City's housing stock and includes a mix of unit sizes that would appeal to a variety of households. The Project will add housing opportunities within the Mid-Market area at a density that is suitable for an intensely-developed urban area served by ample public transit and retail services. The project would contribute to the City's hotel stock which is significantly underserved. Additionally, the project will contribute to the commercial activity of the immediate area by replacing the existing retail frontages along Market Street and creating new retail frontages along Taylor and Turk Streets.

The existing development in the area surrounding the Project site is varied in scale and intensity. Buildings along Turk Street are generally lower and range in height from four to seven stories while buildings along Market Street tend to be taller but can range in height from two to 15 stories. Surrounding land uses include commercial, hotel, office, retail, residential, and theater uses. The site is immediately adjacent to the Crazy Horse and Warfield Theaters.

The project would be compatible with the surrounding uses and buildings and be a positive contribution to the Mid-Market and Tenderloin neighborhood and community. The project would provide publically accessible open space in the form of a triangular plaza and separate seating area along Turk Street. The project's intensity and mix of uses would help transform an underutilized block into an active area that serves both local residents and tourists alike.

- 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;

The project would merge four parcels into a single 34,262 square-foot, triangular-shaped parcel that would comprise the project site. The proposed structure would span the entirety of the site, however provides unobstructed open spaces generally mid-block along both Market and Turk

Streets. The open spaces help reduce the perceived mass of the building, and provide well landscaped active areas. Existing development in the vicinity varies in size and intensity, and the project is generally compatible with the eclectic character of the area.

- 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;

As discussed in the Final Mitigated Negative Declaration, the project would not result in a significant net increase in vehicular traffic, and would not negatively affect transit services or have significant adverse impacts on pedestrians or bicyclists.

The Project is situated on Market Street, a major rail and bus-transit corridor that provides convenient access from the Property to neighborhoods throughout the City, the East Bay, and the Peninsula. It is also one block from the Powell Street BART and MUNI stations, and is within one block of numerous MUNI bus lines. The Project provides 146 Class 1 bicycle parking spaces with a convenient and separate entrance designated for bicyclists, encouraging the use of bikes as a mode of transportation.

The Project provides a limited amount of off-street parking in support of the City's transit first policies. This off-street parking is located in a below-grade garage accessible from Taylor Street. Provision of bicycle storage areas along with the close proximity to mass transit is anticipated to encourage residents, employees and visitors to use alternate modes of transportation.

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

The Project includes residential and retail uses that are typical of the surrounding context, and will not introduce operational noises or odors that are detrimental, excessive, or atypical for the area. While some temporary increase in noise can be expected during construction, this noise is limited in duration and will be regulated by the San Francisco Noise Ordinance which prohibits excessive noise levels from construction activity and limits the permitted hours of work. The Project Sponsor will be required to spray the site to suppress dust during demolition, excavation, and construction; therefore, these activities should not generate significant airborne dust. The building will not exhibit an excessive amount of glazing or other reflective materials; therefore, the Project is not expected to cause offensive amounts of glare.

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

The Project proposes a variety of common and private open spaces in the form of roof decks, sidewalk seating areas, a courtyard and plaza. The project provides 14 new street trees along Turk Street. The conceptual plans show landscaping in the form of trees and other plantings in the open spaces. Parking is located within a subterranean garage that is not readily visible from the street, except for the access driveway. Conditions of approval require that, as the Project proceeds through the review of building permits, the Project Sponsor will continue to work Planning staff to refine details of lighting, signage, materials, and other aspects of the project.

- 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.

- D. That the use as proposed would provide development that is in conformity with the purpose of the applicable Neighborhood Commercial District.

The Project is not located within a Neighborhood Commercial District.

9. **Planning Code Section 303(g)** establishes criteria for the Planning Commission to consider when reviewing application for hotel projects, through the Conditional Use Process. On balance, the project complies with said criteria in that:

- 1) The impact of the employees of the hotel or motel on the demand in the City for housing, public transit, child-care, 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;

According to the Final Mitigated Negative Declaration, the addition of retail and hotel space in the Project could contribute to a population increase as a result of new employees potentially moving to the City and project area from out of the region. The proposed project would generate an estimated 250 employees; however, it is anticipated that most employees would come from the local and regional labor pools, and the number of employees moving from outside of the region would be negligible compared to the total population, and would not be a substantial increase in the citywide context. Therefore, direct and indirect population growth due to approval of the proposed project would be less than significant. As such, the impact of the employees of the hotel on the demand in the City for housing, public transit, child-care, and other social services would be minimal. In addition, the Project would add 242 new residential units, consisting of a mix of studio, one-bedroom, and two-bedroom residences. Based on the average household size in the City and County of San Francisco of 2.26 people per household, the addition of 242 new residential units would accommodate approximately 547 residents, significantly more than the number of on-site hotel employees. The Project will provide affordable housing and pay the Transportation Sustainability Fee and the Child Care Fee to support affordable housing and child care services in the area.

- 2) The measures that will be taken by the project sponsor to employ residents of San Francisco in order to minimize increased demand for regional transportation;

The Project Sponsor has agreed to provide a grant to support a Tenderloin-specific hospitality job training and recruitment program, to be led by Tenderloin based community organizations. This program, which will provide resources to both job-readiness and sector job-readiness training, will empower Tenderloin residents seeking an employment opportunity in the Project as well as a number of other projects in the area. Additionally, the Project has agreed to partner with Unite Here Local 2, the local hospitality workers union, and is expected to pay additional funds for job training through its ongoing contributions to the union's Education Fund. Both efforts will increase the likelihood of San Francisco residents being employed in the hotel and thereby minimize the demand on regional transportation.

- 3) The market demand for a hotel or motel of the type proposed

According to a March 25, 2015 market demand analysis prepared by PKF Consulting USA, the San Francisco Bay Area is the strongest lodging market in the United States with occupancy rates in the

high-70 to low-80 percent range. By comparison, the average occupancy for hotels nationwide was 64.4 percent in 2014. According to the report's findings, the addition of the boutique hotel will not have any material impact on the overall market's performance; in fact, the City of San Francisco is vastly underserved with regard to hotel supply and generates a significant amount of unsatisfied demand that is displaced to other markets throughout the Bay Area. Additionally, the report anticipates that the project would achieve a stabilized occupancy of 84 percent by 2019, in line with levels projected for the competitive market. With this occupancy, the Hotel will be operating at functional capacity level year-round.

- 10. General Plan Compliance.** The Planning Code Compliance Findings set forth in Motion No. 19783, Case No. 2014.1049CXVPCA (Downtown Project Authorization, pursuant to Planning Code Section 309) apply to this Motion, and are incorporated herein as though fully set forth.
- 11. Planning Code Section 101.1(b)** The Planning Code Priority Policy Findings set forth in Motion No. 19783, Case No. 2014.1049CXVPCA (Downtown Project Authorization, pursuant to Planning Code Section 309) apply to this Motion, and are incorporated herein as though fully set forth.
- 12.** The Project is consistent with and would promote the general and specific purposes of the Code provided under Section 101.1(b) in that, as designed, the Project would contribute to the character and stability of the neighborhood and would constitute a beneficial development.
- 13.** The Commission hereby finds that approval of the Conditional Use authorization would promote the health, safety and welfare of the City.

DECISION

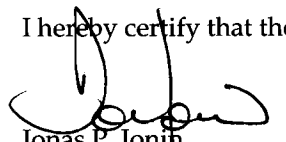
That based upon the Record, the submissions by the Applicant, the staff of the Department and other interested parties, the oral testimony presented to this Commission at the public hearings, and all other written materials submitted by all parties, the Commission hereby **APPROVES Conditional Use Application No. 2013.1049CXVPCA** subject to the following conditions attached hereto as "EXHIBIT A" in general conformance with plans on file, dated October 7, 2016, and stamped "EXHIBIT B", which is incorporated herein by reference as though fully set forth.

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. 19782. 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.

Protest of Fee or Exaction: You may protest any fee or exaction subject to Government Code Section 66000 that is imposed as a condition of approval by following the procedures set forth in Government Code Section 66020. The protest must satisfy the requirements of Government Code Section 66020(a) and must be filed within 90 days of the date of the first approval or conditional approval of the development referencing the challenged fee or exaction. For purposes of Government Code Section 66020, the date of imposition of the fee shall be the date of the earliest discretionary approval by the City of the subject development.

If the City has not previously given Notice of an earlier discretionary approval of the project, the Planning Commission's adoption of this Motion, Resolution, Discretionary Review Action or the Zoning Administrator's Variance Decision Letter constitutes the approval or conditional approval of the development and the City hereby gives **NOTICE** that the 90-day protest period under Government Code Section 66020 has begun. If the City has already given Notice that the 90-day approval period has begun for the subject development, then this document does not re-commence the 90-day approval period.

I hereby certify that the Planning Commission **ADOPTED** the foregoing Motion on November 17, 2016.


Jonas P. Ionin
Commission Secretary

AYES: Hillis, Johnson, Koppel, Melgar, Richards, Fong

NAYS: Moore

ABSENT: None

ADOPTED: November 17, 2016

EXHIBIT A

AUTHORIZATION

This authorization is for a conditional use to establish a Hotel (Sections 303, 210.2), and to exceed the Maximum F.A.R. by providing on-site affordable dwelling units (Section 124(f) at 950 Market Street within the C-3-G (Downtown General Commercial) District and a 120-X Height and Bulk District; in general conformance with plans, dated October 7, 2016 and stamped "EXHIBIT B" included in the docket for Case No. 2013.1049CXVPCA and subject to conditions of approval reviewed and approved by the Commission on November 17, 2016 under Motion No. 19872. 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 Planning Code Compliance Findings set forth in Motion No. 19783, Case No. 2013.1049CXVPCA (Downtown Project Authorization, pursuant to Planning Code Section 309) apply to this Motion, and are incorporated herein as though fully set forth.

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 November 17, 2016 under Motion No 19782.

PRINTING OF CONDITIONS OF APPROVAL ON PLANS

The conditions of approval under the 'Exhibit A' of this Planning Commission Motion No. 19782 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.** The authorization and right vested by virtue of this action is valid for three (3) years from the effective date of the Motion. The Department of Building Inspection shall have issued a Building Permit or Site Permit to construct the project and/or commence the approved use within this three- year period.

For information about compliance, contact Code Enforcement, Planning Department at 415-575-6863, www.sf-planning.org

2. **Expiration and Renewal.** Should a Building or Site Permit be sought after the three (3) year period has lapsed, the project sponsor must seek a renewal of this Authorization by filing an application for an amendment to the original Authorization or a new application for Authorization. Should the project sponsor decline to so file, and decline to withdraw the permit application, the Commission shall conduct a public hearing in order to consider the revocation of the Authorization. Should the Commission not revoke the Authorization following the closure of the public hearing, the Commission shall determine the extension of time for the continued validity of the Authorization.

For information about compliance, contact Code Enforcement, Planning Department at 415-575-6863, www.sf-planning.org

3. **Diligent pursuit.** 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. Failure to do so shall be grounds for the Commission to consider revoking the approval if more than three (3) years have passed since this Authorization was approved.

For information about compliance, contact Code Enforcement, Planning Department at 415-575-6863, www.sf-planning.org

4. **Extension.** All time limits in the preceding three paragraphs may be extended at the discretion of the Zoning Administrator where implementation of the project is delayed by a public agency, an appeal or a legal challenge and only by the length of time for which such public agency, appeal or challenge has caused delay.

For information about compliance, contact Code Enforcement, Planning Department at 415-575-6863, www.sf-planning.org

5. **Conformity with Current Law.** No application for Building Permit, Site Permit, or other entitlement shall be approved unless it complies with all applicable provisions of City Codes in effect at the time of such approval.

For information about compliance, contact Code Enforcement, Planning Department at 415-575-6863, www.sf-planning.org

6. **Additional Project Authorization.** Additional Project Authorization. The Conditions of Approval

set forth in Exhibit A of Motion No. 19783, Case No. 2013.1049CXVPCA (Downtown Project Authorization under Planning Code Section 309) apply to this approval, and are incorporated herein as though fully set forth, except as modified herein. 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.

