

File No. 180243 Committee Item No. 2
 Board Item No. 30

COMMITTEE/BOARD OF SUPERVISORS
 AGENDA PACKET CONTENTS LIST

Committee: Land Use and Transportation Committee Date May 14, 2018

Board of Supervisors Meeting Date MAY 22, 2018
 Cmte Board

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| <input type="checkbox"/> | <input type="checkbox"/> | Motion |
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| <input type="checkbox"/> | <input type="checkbox"/> | Legislative Digest |
| <input type="checkbox"/> | <input type="checkbox"/> | Budget and Legislative Analyst Report |
| <input type="checkbox"/> | <input type="checkbox"/> | Youth Commission Report |
| <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> | Introduction Form |
| <input type="checkbox"/> | <input type="checkbox"/> | Department/Agency Cover Letter and/or Report |
| <input type="checkbox"/> | <input type="checkbox"/> | MOU |
| <input type="checkbox"/> | <input type="checkbox"/> | Grant Information Form |
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| <input type="checkbox"/> | <input type="checkbox"/> | Award Letter |
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OTHER (Use back side if additional space is needed)

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| <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> | <u>COB Memo 032118</u> |
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| <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> | <u>Referral CEQA 041118</u> |
| <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> | <u>CEQA Determination 043018</u> |
| <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> | <u>Hearing Notice 050318</u> |
| <input type="checkbox"/> | <input checked="" type="checkbox"/> | <u>COB MEMO 051518</u> |
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Completed by: Erica Major Date May 10, 2018
 Completed by: Erica Major Date 5/15/17

1 [Interim Zoning Controls - Conversion of Retail to Non-Retail Sales and Service Use in the C-
2 3-R Zoning District]

3 **Resolution imposing interim zoning controls for 18 months to require a Conditional**
4 **Use Permit, information to be submitted, and specified findings for any conversion of**
5 **Retail Use to Non-Retail Sales and Service Use in the C-3-R (Downtown Retail) Zoning**
6 **District, and providing an exception to these controls; and affirming the Planning**
7 **Department's determination under the California Environmental Quality Act.**

8
9 WHEREAS, Planning Code, Section 306.7 authorizes the Board of Supervisors to
10 impose interim zoning controls to allow time for the orderly completion of a planning study and
11 for the adoption of appropriate legislation, which are necessary to ensure that the legislative
12 scheme that may be ultimately adopted is not undermined during the planning and legislative
13 process by the approval or issuance of permits authorizing changes of use that could conflict
14 with that scheme; and

15 WHEREAS, The Planning Department and Commission have been studying ongoing
16 trends and changes in the retail market in San Francisco and in the C-3-R Downtown Retail
17 Zoning District, and considering potential zoning amendments or policy approaches to
18 respond to any changes in that retail market; and

19 WHEREAS, In response to applications submitted to convert existing retail space to
20 office use within the C-3-R Downtown Retail Zoning District, the Planning Commission held
21 hearings to discuss retail to office conversions in the C-3-R Downtown Retail Zoning District
22 on March 16, 2017, and February 22, 2018; and

23 WHEREAS, At the March 16, 2017, the Office of Economic and Workforce
24 Development (OEWD) presented analysis of trends within the C-3-R Downtown Retail Zoning
25 District as compared to the rest of the City and to regional and national retail trends; and

1 WHEREAS, At the March 16, 2017, hearing, Planning Department staff outlined three
2 potential approaches to reviewing retail to office conversions in the C-3-R Zoning District,
3 which included continuing to review projects seeking upper level retail to office space
4 conversions on a case-by-case basis; adopting a policy that provides specific additional
5 criteria that projects must meet in order for approval; or initiating changes to the Planning
6 Code to codify the criteria that projects must meet in order for approval; and

7 WHEREAS, Since the March 16, 2017, Planning Commission hearing, OEWD has
8 conducted additional research and analysis related to lease rates, vacancies, and tenant
9 space sizes specific to the C-3-R Downtown Retail Zoning District and found, in pertinent part,
10 that Union Square retail lease rates have surpassed Citywide lease rates, and that Union
11 Square has higher lease rates than any part of the City in all classes of office; and

12 WHEREAS, On February 22, 2018, the Planning Commission held another public
13 hearing on retail to office space conversion within the C-3-R Downtown Retail Zoning District,
14 at which OEWD cited dramatic changes in the retail landscape over the past 40 years in San
15 Francisco and ongoing major restructuring in the national retail industry; and

16 WHEREAS, OEWD also found that although San Francisco's retail economy has
17 somewhat slowed, San Francisco's many competitive advantages for retail and restaurants
18 have nevertheless insulated the City's retail from national trends, including the City's strong
19 local economy, significant regional and international tourism, and granular approach to zoning
20 controls aimed at enhancing the City's existing retail corridors and zoning districts; and

21 WHEREAS, The Union Square area, most of which is zoned C-3-R, is a world-class
22 retail destination that draws both tourists and Bay Area residents with its combination of
23 walkable shopping and dining, excellent transit access, and top-tier hospitality, and a 2016
24 study showed that Union Square merchants generate approximately 37% of San Francisco's
25 sales tax in General Consumer Goods, and 15% of all City sales tax dollars; and

1 WHEREAS, It is necessary to consider the effects of conversions from Retail to Office
2 use in the C-3-R Downtown Retail Zoning District that may occur while the City considers
3 permanent controls and guidance for such conversions, to assure that the City does not lose
4 the opportunity to preserve neighborhoods and areas of mixed uses and the existing
5 character of such neighborhoods and areas, and to continue to develop and conserve the
6 economic vitality of the City; and

7 WHEREAS, The Planning Department has determined that the actions contemplated in
8 this Resolution comply with the California Environmental Quality Act (California Public
9 Resources Code, Sections 21000 et seq.), which determination is on file with the Clerk of the
10 Board of Supervisors in File No. 180243 and is incorporated herein by reference, and the
11 Board affirms this determination; now therefore be it

12 RESOLVED, That any proposed conversion of Retail Sales and Service use to Non-
13 Retail Sales and Service use in the C-3-R Downtown Retail Zoning district shall require
14 conditional use authorization while these Interim Controls are in effect; and, be it

15 FURTHER RESOLVED, That an applicant proposing any such conversion shall
16 provide information and data to the Planning Department about current Retail and Non-Retail
17 use vacancy rates in the C-3-R Downtown Retail Zoning District; current (as of the time of the
18 application) rental rates for Retail and Non-Retail Sales and Service uses based on
19 knowledge of existing lease rental rates and advertised rental rates for both Retail and/or
20 Non-Retail use categories and their sub-categories as set forth in Section 102 of the Planning
21 Code; a list of other properties in the C-3-R Downtown Retail Zoning District either owned or
22 managed by the applicant, and available information about comparable and relevant rental
23 rates, the principally permitted use(s) of such properties, any vacancies at those other
24 properties, and, to the extent that vacancies exist, any evidence that the property owner or
25 manager has advertised a lease at that property for an existing principally permitted use or

1 any other use, including any publicly advertised terms of that rental; and any other relevant
2 neighborhood development, economic or demand changes in the C-3-R Downtown Retail
3 Zoning District; and, be it

4 FURTHER RESOLVED, In addition to the findings required under Planning Code,
5 Section 303, the City must make the following findings in order to approve any conditional use
6 permit authorizing conversion of Retail use to Non-Retail Sales and Service use in the C-3-R
7 Downtown Retail Zoning District: (1) the change in use from Retail to Non-Retail Sales and
8 Service will not detract from the area's primary function as an internationally renowned
9 destination for comparison shopper retailing and direct consumer services; (2) a Retail or
10 other principally-permitted use is not feasible at the site proposed for conversion, based on
11 evidence that the applicant has openly advertised and solicited rental applications for a Retail
12 or principally-permitted use at the location for a period of at least 18 months and no suitable
13 lessees submitted an application or other response indicating a desire to use the space for a
14 principally-permitted use; (3) any application for a proposed Non-Retail Sales and Service use
15 of the site includes specific calculation of the gross floor area of the proposed Non-Retail use
16 and how any necessary independent and non-public access would be provided to the
17 proposed Non-Retail use; (4) there is a lack of availability of property that is principally
18 permitted for Non-Retail Sales and Service use citywide, including prospective availability of
19 property principally permitted for Non-Retail uses based on five- and ten-year estimates of
20 anticipated new construction, such that the supply of Office space is so constrained as to
21 warrant the applied-for conversion; and (5) whether rental rates for Non-Retail uses are
22 comparable to rental rates for Retail uses within the C-3-R Downtown Retail Zoning District;
23 and be it

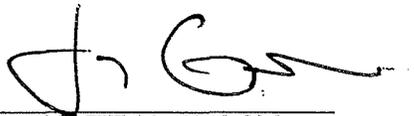
24 FURTHER RESOLVED, If an applicant has filed an application with the Planning
25 Department for a conditional use permit for conversion of Retail uses to Non-Retail uses in the

1 C-3-R Downtown Retail Zoning District on or prior to May 18, 2018, such conversion shall not
2 be subject to these interim controls; and be it

3 FURTHER RESOLVED, that these Interim Controls shall remain in effect for a period
4 of 18 months from the date of imposition, unless they are extended or otherwise amended in
5 accordance with the provisions of Planning Code Section 306.7, or until the adoption of
6 permanent legislation regulating conversions from Retail use to Non-Retail Sales and Service
7 (Office) use in the C-3-R Downtown Retail Zoning District, whichever first occurs.

8 APPROVED AS TO FORM:

9 DENNIS J. HERRERA,
10 City Attorney

11
12 By 
13 KATE H. STACY
Deputy City Attorney

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BOARD of SUPERVISORS



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

MEMORANDUM

LAND USE AND TRANSPORTATION COMMITTEE SAN FRANCISCO BOARD OF SUPERVISORS

TO: Supervisor Katy Tang, Chair, Land Use and Transportation Committee

FROM: Erica Major, Assistant Clerk
Land Use and Transportation Committee

DATE: May 15, 2018

SUBJECT: Interim Zoning Controls - Conversion of Retail to Non-Retail Sales and Service Use in the C-3-R Zoning District (File No. 180243)

Pursuant to the City Planning Code Section 306.7, when Interim Zoning Controls are imposed by the Board of Supervisors and a hearing is held before a committee of the Board, the committee shall report to the Board of Supervisors a summary of matters presented at the hearing and its recommendation.

The following summary is being provided for the Committee Chair to present to the Board of Supervisors.

On May 14, 2018, the Land Use and Transportation Committee held a hearing on File No. 180243 regarding Interim Zoning Controls on the Conversion of Retail to Non-Retail Sales and Service Use in the C-3-R Zoning District. Supervisors Tang, Kim, Safai, and Peskin were noted present.

Supervisor Peskin, the primary sponsor of the Resolution, presented information on how the legislation places additional findings that the Planning Commission must make prior to approving any conversion of retail space to non-retail space or office space in the downtown C-3-R District, spoke on the historical background of the work and research that has completed on the matter, and requested an amendment be considered by the Committee. No additional staff presented on that matter; department staff from the Planning Department and the Office of Economic and Workforce Development were present for the meeting.

There were six members of the public who submitted public comment on the matter.

The Resolution was RECOMMENDED AS AMENDED by Supervisor Safai to the Board of Supervisors meeting on Tuesday, May 22, 2018, by the following vote:

Supervisor Katy Tang - Aye
Supervisor Jane Kim - Aye
Supervisor Ahsha Safai - Aye

BOARD of SUPERVISORS



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

April 11, 2018

File No. 180243-2

Lisa Gibson
Environmental Review Officer
Planning Department
1650 Mission Street, Ste. 400
San Francisco, CA 94103

Dear Ms. Gibson:

On April 3, 2018, Supervisor Peskin introduced the following substitute legislation:

File No. 180243

Resolution imposing interim zoning controls for 18 months to require a Conditional Use Permit, information to be submitted, and specified findings for any conversion of Retail Use to Non-Retail Sales and Service Use in the C-3-R Downtown Retail Zoning District; and affirming the Planning Department's determination under the California Environmental Quality Act.

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 "Erica Major".

By: Erica Major, Assistant Clerk
Land Use and Transportation Committee

Attachment

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.

c: Joy Navarrete, Environmental Planning
Laura Lynch, Environmental Planning

Joy
Navarrete

Digitally signed by Joy Navarrete
DN: cn=Joy Navarrete, o=Planning,
ou=Environmental Planning,
email=joy.navarrete@sfgov.org,
c=US
Date: 2018.04.30 15:54:11 -0700'

BOARD of SUPERVISORS



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Dr. Carlton B. Goodlett Place, Room 244
San Francisco 94102-4689
Tel. No. 554-5184
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April 11, 2018

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Lisa Gibson
Environmental Review Officer
Planning Department
1650 Mission Street, Ste. 400
San Francisco, CA 94103

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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 "Erica Major".

By: Erica Major, Assistant Clerk
Land Use and Transportation Committee

Attachment

c: Joy Navarrete, Environmental Planning
Laura Lynch, Environmental Planning

BOARD of SUPERVISORS



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San Francisco 94102-4689
Tel. No. 554-5184
Fax No. 554-5163
TDD/TTY No. 554-5227

MEMORANDUM

TO: Todd Rufo, Director, Office of Economic and Workforce Development

FROM: Erica Major, Assistant Clerk
Land Use and Transportation Committee

DATE: April 11, 2018

SUBJECT: LEGISLATION INTRODUCED

The Board of Supervisors' Land Use and Transportation Committee has received the following substitute legislation, introduced by Supervisor Peskin on April 4, 2018:

File No. 180243

Resolution imposing interim zoning controls for 18 months to require a Conditional Use Permit, information to be submitted, and specified findings for any conversion of Retail Use to Non-Retail Sales and Service Use in the C-3-R Downtown Retail Zoning District; and affirming the Planning Department's determination under the California Environmental Quality Act.

If you have comments or reports to be included with the file, please forward them to me at the Board of Supervisors, City Hall, Room 244, 1 Dr. Carlton B. Goodlett Place, San Francisco, CA 94102 or by email at: Erica.Major@sfgov.org.

c: Ken Rich, Office of Economic and Workforce Development
Lisa Pagan, Office of Economic and Workforce Development

BOARD of SUPERVISORS



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1 Dr. Carlton B. Goodlett Place, Room 244
San Francisco 94102-4689
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TDD/TTY No. 544-5227

MEMORANDUM

Date: March 21, 2018

To: Jon Givner, Deputy City Attorney, Office of the City Attorney

From: *ACE* Angela Calvillo, Clerk of the Board, Board of Supervisors

Subject: Requesting Legislation Approved as to Form for File No. 180243 [Interim Zoning Controls - Retail to Office Space Conversion in the C-3-R Downtown Retail Zoning District]

On March 13, 2018, the Office of the Clerk of the Board of Supervisors received a proposed Resolution [Interim Zoning Controls - Retail to Office Space Conversion in the C-3-R Downtown Retail Zoning District], sponsored by Supervisor Peskin, without a signature from the City Attorney approving the legislation as to form.

Pursuant to Board Rule 2.3, Resolutions concerning interim zoning controls and bonds must first be approved by the City Attorney prior to consideration by the Board or a Board committee. The deferment for 30 days will not become effective until the Office of the Clerk of the Board receives the Resolution approved as to form.

Please find attached the aforementioned Resolution for the Office of the City Attorney for approval and signature.

If you have any questions or concerns, please contact the Office of the Clerk of the Board at (415) 554-5184.

c: Supervisor Aaron Peskin, Member of the Board of Supervisors

BOARD of SUPERVISORS



City Hall
1 Dr. Carlton B. Goodlett Place, Room 244
San Francisco 94102-4689
Tel. No. 554-5184
Fax No. 554-5163
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NOTICE OF PUBLIC HEARING

BOARD OF SUPERVISORS OF THE CITY AND COUNTY OF SAN FRANCISCO LAND USE AND TRANSPORTATION COMMITTEE

NOTICE IS HEREBY GIVEN THAT the Land Use and Transportation Committee will hold a public hearing to consider the following proposal and said public hearing will be held as follows, at which time all interested parties may attend and be heard:

Date: May 14, 2018

Time: 1:30 p.m.

Location: Legislative Chamber, Room 250, located at City Hall
1 Dr. Carlton B. Goodlett Place, San Francisco, CA

Subject: File No. 180243. Resolution imposing interim zoning controls for 18 months to require a Conditional Use Permit, information to be submitted, and specified findings for any conversion of Retail Use to Non-Retail Sales and Service Use in the C-3-R Downtown Retail Zoning District; and affirming the Planning Department's determination under the California Environmental Quality Act.

In accordance with Administrative Code, Section 67.7-1, persons who are unable to attend the hearing on this matter may submit written comments to the City prior to the time the hearing begins. These comments will be made part of the official public record in this matter, and shall be brought to the attention of the members of the Committee. Written comments should be addressed to Angela Calvillo, Clerk of the Board, City Hall, 1 Dr. Carlton B. Goodlett Place, Room 244, San Francisco, CA 94102. Information relating to this matter is available in the Office of the Clerk of the Board. Agenda information relating to this matter will be available for public review on Friday, May 11, 2018.

A handwritten signature in black ink, appearing to read "Angela Calvillo".

Angela Calvillo, Clerk of the Board

DATED/PUBLISHED/POSTED: May 3, 2018

Introduction Form

By a Member of the Board of Supervisors or Mayor

RECEIVED
BOARD OF SUPERVISORS
SAN FRANCISCO
Time stamp
2018 APR 3 11:24 AM
or meeting date

I hereby submit the following item for introduction (select only one):

BY B

- 1. For reference to Committee. (An Ordinance, Resolution, Motion or Charter Amendment).
- 2. Request for next printed agenda Without Reference to Committee.
- 3. Request for hearing on a subject matter at Committee.
- 4. Request for letter beginning : "Supervisor [] inquiries"
- 5. City Attorney Request.
- 6. Call File No. [] from Committee.
- 7. Budget Analyst request (attached written motion).
- 8. Substitute Legislation File No. [180243]
- 9. Reactivate File No. []
- 10. Question(s) submitted for Mayoral Appearance before the BOS on []

ease check the appropriate boxes. The proposed legislation should be forwarded to the following:

- Small Business Commission
- Youth Commission
- Ethics Commission
- Planning Commission
- Building Inspection Commission

Note: For the Imperative Agenda (a resolution not on the printed agenda), use the Imperative Form.

Sponsor(s):

Peskin

Subject:

[Interim Zoning Controls – Conversion of Retail to Non-Retail Sales and Service Use in the C-3-R Zoning District]

The text is listed:

Resolution imposing interim zoning controls for 18 months to require a Conditional Use Permit, information to be submitted, and specified findings for any conversion of Retail Use to Non-Retail Sales and Service Use in the C-3-R Downtown Retail Zoning District; and affirming the Planning Department's determination under the California Environmental Quality Act.

Signature of Sponsoring Supervisor:

[Signature]

For Clerk's Use Only

Introduction Form

By a Member of the Board of Supervisors or Mayor

RECEIVED
BOARD OF SUPERVISORS
SAN FRANCISCO

2018 MAR 13 PM 4:54
Time stamp
or meeting date

I hereby submit the following item for introduction (select only one):

- 1. For reference to Committee. (An Ordinance, Resolution, Motion or Charter Amendment).
- 2. Request for next printed agenda Without Reference to Committee.
- 3. Request for hearing on a subject matter at Committee.
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- 9. Reactivate File No. []
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Please check the appropriate boxes. The proposed legislation should be forwarded to the following:

- Small Business Commission
- Youth Commission
- Ethics Commission
- Planning Commission
- Building Inspection Commission

Note: For the Imperative Agenda (a resolution not on the printed agenda), use the Imperative Form.

Sponsor(s):

Peskin

Subject:

[Interim Zoning Controls – Retail to Office Space Conversion in the C-3-R Downtown Retail Zoning District]

The text is listed:

Resolution imposing for 18 months interim zoning controls to temporarily suspend applications for conversion of retail to office space in the C-3-R Downtown Retail Zoning District, pending permanent controls approved by the Board of Supervisors; applying these interim zoning controls to applications that have not received an approval for conversion to office space prior to the effective date of this Resolution; and making environmental findings, and findings of consistency with the eight priority policies of Planning Code, Section 101.1.

Signature of Sponsoring Supervisor: [Signature]

For Clerk's Use Only