

FILE NO. 041393

RESOLUTION NO. 774-04

1 [Showplace Square Interim Controls.]

2
3 **Resolution imposing for twelve months interim zoning controls on specific lots within**
4 **Showplace Square generally bounded by 7th, Bryant, Potrero and 25th Streets and**
5 **within the area identified as Production Cluster on the accompanying map that would**
6 **(a) consider production, distribution and repair (PDR) a principal use if PDR activities**
7 **occupy 50 percent or more of the total occupied space of the property, (b) permit**
8 **office, retail and housing uses subject to certain conditions, and (c) permit**
9 **displacement of PDR space or demolition of an industrial building only if it is**
10 **demonstrated that the building is unsound or if the new building increases the amount**
11 **of PDR space; imposing the same controls as nonbinding policies on specific lots**
12 **within the Showplace Square area that are identified as Design Cluster on the**
13 **accompanying map, except that design PDR are strongly encouraged and the**
14 **displacement of PDR space and demolition of an industrial building are particularly**
15 **discouraged in the case of an historical brick building; Adopting Findings.**

16 WHEREAS, In 1998 the San Francisco Planning Department commissioned Hausrath
17 Economics Group to conduct an economic analysis of the supply and demand for production,
18 distribution, and repair (PDR) uses in San Francisco; and,

19 WHEREAS, In 1999 the San Francisco Planning Department produced an analysis of
20 the City's industrially-zoned areas entitled "Zoning Options for Industrial Land"; and,

21 WHEREAS, The San Francisco Planning Commission adopted interim zoning controls
22 for the protection of San Francisco's industrial lands in 1999 based on the Hausrath
23 Economics Group analysis, the Planning Department's "Zoning Options for Industrial Land,"
24 and public testimony; and,

1 WHEREAS, The controls adopted by the Planning Commission expired in 2001 but
2 have yet to be replaced with permanent zoning; and,

3 WHEREAS, There is a limited supply of land for ~~production, distribution, and repair~~
4 (PDR) activities, which are critical in supporting multiple industries within the San Francisco
5 economy such as tourism, finance, and professional services; and,

6 WHEREAS, PDR businesses are an important sector of San Francisco's economic
7 base, supporting the local economy when other sectors experience slowed growth or decline;
8 and,

9 WHEREAS, Multiple industrial realtors report that San Francisco has had, and
10 continues to have, the highest occupancy rates in the Bay Area; and,

11 WHEREAS, Many PDR businesses use industrial buildings and are located on
12 industrially-zoned land; and,

13 WHEREAS, Land zoned for PDR uses provides space for future industries that may
14 provide an economic catalyst for the City to locate and grow; and,

15 WHEREAS, Only 3% of San Francisco's land is available to support PDR businesses,
16 and these businesses account for 11% of San Francisco's employment; and,

17 WHEREAS, The Planning Department reports that Showplace Square represents 7%
18 of the City's land devoted to PDR uses but 12% of PDR jobs, or approximately 6,400 jobs;
19 and,

20 WHEREAS, The Association of Bay Area Governments (ABAG) projects approximately
21 18,000 new PDR jobs in San Francisco between 2000 and 2025; and,

22 WHEREAS, The Planning Department found that over 1,000 new PDR businesses
23 located in the City's eastern neighborhoods between 2000 and 2003, including 184 in
24 Showplace Square; and,

1 WHEREAS, The economic analysis of the supply and demand for PDR uses
2 in San Francisco, performed by Hausrath Economics Group in 1998, is now dated and in
3 need of updating; and,

4 WHEREAS, Showplace Square is one of the largest clusters of design-related PDR
5 businesses in the United States; and,

6 WHEREAS, Arts activities—a thriving element of San Francisco that contributes to
7 tourism and to attracting new businesses and new industries to the City—are also in need of
8 attention/protection; and,

9 WHEREAS, Areas of San Francisco zoned for PDR house a significant portion of arts-
10 related industries, including studios, design and production facilities, and graphic arts facilities;
11 and,

12 WHEREAS, The Commerce & Industry Element of the General Plan calls for a
13 balanced economy in which good-paying jobs are available for the widest breadth of the San
14 Francisco labor force; and,

15 WHEREAS, According to a 2002 survey conducted by the Planning Department, over
16 half of the 300 PDR businesses surveyed reported that the majority of their employees lived in
17 San Francisco; and,

18 WHEREAS, PDR businesses often provide their workers with a wage, benefits, and
19 opportunities for advancement superior to service sector businesses; and,

20 WHEREAS, PDR businesses offer employment opportunities for people of all skills and
21 educational attainment levels and for individuals for whom English is a second language; and,

22 WHEREAS, Research has shown that the loss of PDR jobs has had a disproportionate
23 impact on minorities and immigrant populations; and,

24 WHEREAS, There are a number of non-PDR projects proposing to locate in PDR
25 areas and that are seeking site specific rezoning where a number of zoning options are still

1 under consideration by the Planning Commission as part of the Eastern Neighborhoods and
2 Better Neighborhood rezoning processes; and,

3 WHEREAS, Many of the proposed projects would introduce housing adjacent to or in
4 close proximity to existing PDR businesses; and,

5 WHEREAS, Some PDR activities are not compatible with housing and conflicts arise
6 without proper land use planning for both uses; and,

7 WHEREAS, City Planning Code Section 306.7 authorizes the Board of Supervisors to
8 impose interim controls temporarily suspending the processing of permits and other land use
9 authorizations in conflict with a contemplated zoning proposal which the Board of Supervisors,
10 the Planning Commission, or the Planning Department is considering or intends to study
11 within a reasonable period of time; and,

12 WHEREAS, Interim controls are authorized to control uses which are having an
13 adverse impact on areas of mixed residential and commercial uses in order to preserve the
14 existing character of such neighborhoods and areas; and,

15 WHEREAS, Interim controls are authorized to conserve the commerce and industry of
16 the City in order to maintain the economic vitality of the City, to provide its citizens with
17 adequate jobs and business opportunities, and to maintain adequate services for its residents,
18 visitors, businesses and institutions; and,

19 WHEREAS, These interim controls are necessary in order to direct office development
20 into the Downtown core where there is transit capacity, and to prevent displacement of other
21 viable economic uses which provide needed services and employment to San Francisco
22 residents until the permanent zoning is put into effect; and,

23 WHEREAS, The Board of Supervisors finds that these interim controls enhance and
24 are consistent with the purpose of the Planning Code as set forth in Section 101 and with the
25 Priority Policies of Planning Code Section 101.1 in that: (a) they conserve and protect existing

1 housing and neighborhood character (Policies 2 and 3) by prohibiting the conversion and
2 demolition of residential uses and by prohibiting or requiring conditional use for certain large
3 non-retail uses; (b) they maintain a diverse economic base by protecting the City's industrial
4 and service sectors from displacement (Policy 5); and (c) they have no impact on existing
5 neighborhood-serving retail uses or resident employment (Policy 1), commuter traffic or
6 transit service (Policy 4), earthquake preparedness (Policy 6), landmarks and historic
7 buildings (Policy 7), or parks and open space (Policy 8); and,

8 WHEREAS, The Board of Supervisors is authorized by Planning Code section 306.7(c)
9 to initiate the procedure for imposing interim controls by a resolution adopted by majority vote;
10 now, therefore, be it

11 RESOLVED, That the interim controls set forth below are hereby imposed on the
12 following lots within Showplace Square generally bounded by 7th, Bryant, Potrero and 25th
13 Streets, which are within the area identified as Production Cluster on the map attached hereto
14 and also contained in Board of Supervisors File No. 041393: Block 3800, Lots
15 003 and 004; Block 3807, Lots 001, 002, 004, 008, 011, and 012; Block 3808, Lots 001, and
16 002; Block 3820, Lot 002; Block 3821, Lots 002, 004, 005, 006, and 007; Block 3833, Lots
17 001, 002; and 003; Block 3834, Lot 001; Block 3939, Lot 001; Block 3939A, Lot 001; Block
18 3948, Lots 002, 002B, 003, 003B, and 003C; Block 3949, Lots 001 and 002; Block 3950, Lots
19 001, 002, and 003; Block 3951, Lots 001, 003, 004, 005, and 006; Block 3952, Lots 001,
20 001A, 001B, and 001C; Block 3953, Lots 002, 002A, 002B, 003, and 004; Block 3954, Lots
21 005, 006, 009, 016, 017, and 018; Block 3955, Lots 001 and 002; Block 3979, Lot 001; Block
22 3980, Lots 004, 006, and 007; Block 3984, Lots 001, and 001A; Block 3985, Lots 001, 024,
23 027, and 028; Block 3986, Lots 001, 008, and 014; Block 3987, Lots 003, 003A, 007, 008,
24 009, 009A, 009B, 010, 012, 013, and 024; Block 4000, Lot 024; Block 4001, Lots 001, 001A,
25

1 002, 023, and 024; Block 4005, Lots 001B, 004, 006, and 007; Block 4006, Lots 006, 019, and
2 020; Block 4007, Lots 001, 001A, and 002; and Block 4008, Lots 001, 001A, and 002.

3 No City agency, board, commission, officer, or employee may approve any demolition
4 permit, site permit, building permit, grading permit, conditional use authorization, or any other
5 land use entitlement inconsistent with the following controls as long as they are in effect.

6 (a) "Core," "medium," and "light" PDR activities are permitted.

7 (b) PDR activities are not further limited in use size or lot size beyond current
8 Planning Code requirements.

9 (c) PDR activity is considered a principal use if production, distribution and repair
10 activities occupy 50 percent (50%) or more of the total occupied space of said property.

11 (d) Displacement of PDR space or demolition of an industrial building is permitted
12 only if it is demonstrated that the building is unsound or if the new building increases the
13 amount of PDR space by two and a half (2.5) times the amount of PDR space that currently
14 exists on the site. Unsoundness is determined when the upgrade costs exceed 50 percent
15 (50%) of the costs to replace a structure with one similar to it. If the space is deemed
16 unsound and is replaced, it shall be replaced at a ratio of one (1) square foot of existing PDR
17 space to one (1) square foot of new PDR space.

18 (e) New housing is permitted under the following conditions.

19 (i) As accessory to permitted uses, defined as occupying no more than 25 percent
20 (25%) of gross floor area:

21 a. Manager residence. One dwelling unit to serve as manager's residence for a
22 permitted hotel, motel, or group housing structure.

23 b. Artist workspace. In any C or M district, dwelling units that are integrated
24 into the working space of artists, artisans and other crafts persons are
25 permitted. No more than four adults may occupy this accessory space, and

1 the occupancy must meet all applicable provisions of the Building and
2 Housing Codes.

3 c. Caretaker unit. One dwelling is allowed as a caretaker residence when such
4 occupancy is necessary for the primary activity on site.

5 (ii) Contained within a permitted institutional use.

6 (iii) For new housing that does not satisfy conditions (i) or (ii) above, four (4) square
7 feet of PDR space is required for every one (1) square foot of residential use.

8 (f) Office uses are permitted up to 5,000 sq. ft. in size.

9 (g) Retail uses are permitted up to 5,000 sq. ft. in size.

10 FURTHER RESOLVED, That the above controls shall be applied as nonbinding
11 policies by the Planning Commission and the Board of Appeals on appeal to the following
12 blocks and lots within Showplace Square generally bounded by 7th, Bryant, Potrero and 25th
13 Streets, which are within the area identified as Design Cluster on the map attached hereto
14 and also contained in Board of Supervisors File No. 041393: Block 3910, Lots
15 001 and 005; Block 3913, Lots 002, 004, and 005; Block 3914, Lots 001 and 002; Block 3915,
16 Lots 001, 002, 003, and 004; Block 3916, Lots 002, 014, 017, and; Block 3918, Lots 009, and
17 010; Block 3933, Lot 001; Block 3935, Lots 002, 004, and 005; Block 3936, Lots 001, 002,
18 and 003; Block 3937, Lots 001 and 002A; Block 3938, Lot 001; and Block 3960, Lot 001;
19 except that in the Design Cluster, design PDR are strongly encouraged and the displacement
20 of PDR space and demolition of an industrial building are particularly discouraged in the case
21 of an historical brick building.

22 FURTHER RESOLVED, That the following definitions shall apply to these interim
23 controls:

24 (a) "Demolition" shall mean dismantling or removing a structure to grade level.
25

1 (b) Dwelling units as an "accessory use" shall have the meaning given that term in
2 Planning Code section 204.4.

3 (c) "Industrial building" shall have the meaning of a building identified by the
4 Assessor's office as industrial or any other building occupied by more than 25 percent (25%)
5 by PDR businesses at any time within the two-year period prior to February 12, 2004.

6 (d) "Production, Distribution and Repair (PDR)" and "Core," "medium," "light" and
7 "design" PDR shall have the definitions and descriptions set forth in the Planning Department
8 document entitled "Defining Production/Distribution/Repair, December, 2003 – Citywide Policy
9 Division, San Francisco Planning Department," attached as Exhibit D to Planning Commission
10 Resolution No. Motion No 14727, adopted on February 12, 2004, a copy of which is
11 contained in the Clerk of the Board of Supervisors File No. 041393.

12 FURTHER RESOLVED, That the Planning Department shall submit ~~zoning alternatives~~
13 and a Draft Environmental Impact Report (EIR) for the Eastern Neighborhoods plan area to
14 the Planning Commission and to the public for review and comment ~~in sufficient time that the~~
15 ~~Final Environmental Impact Report is adopted by the Planning Commission~~ no later than
16 December 1, 2005;

17 FURTHER RESOLVED, That the Planning Department shall provide a detailed report
18 to the Board of Supervisors within 30 days of the effective date of this legislation that outlines
19 the steps necessary to complete the Draft EIR ~~analysis of zoning alternatives and~~
20 ~~environmental review~~ by December 1, 2005, including but not limited to specific benchmarks
21 and timeframes for community meetings, scoping, initial study, and technical analyses, ~~and~~
22 ~~draft EIR~~;

23 FURTHER RESOLVED, That the Board of Supervisors shall hold committee hearings
24 every eight weeks on the Planning Department's progress in meeting its benchmarks and
25 timeframes in a timely manner;

1 FURTHER RESOLVED, That two weeks prior to each committee hearing, the Planning
2 Department shall submit a detailed progress report to the Board of Supervisors outlining its
3 ability to meet its benchmarks and timeframes;

4 FURTHER RESOLVED, That the Planning Commission shall include completion of the
5 Eastern Neighborhoods planning process as part of its FY 2005-2006 work plan and budget
6 submittal;

7 FURTHER RESOLVED, That the Planning Department shall scope, let, and manage a
8 consultant contract to update the economic analysis performed by Hausrath Economics
9 Group in 1998 of the supply and demand for space for PDR uses in San Francisco; and,

10 FURTHER RESOLVED, That the Planning Department shall, utilizing relevant policies
11 and objectives of the General Plan, incorporate the consultant's economic analysis into a land
12 use analysis of San Francisco's diverse PDR sectors that addresses land use options in lower
13 Potrero Hill that are protective of existing PDR uses; and,

14 FURTHER RESOLVED, That the Planning Department shall submit its land use
15 analysis addressing land use options in lower Potrero Hill to the Planning Commission and the
16 Board of Supervisors within 180 days of the signing of the consultant contract; and,

17 FURTHER RESOLVED, That the appropriate committee of the Board of Supervisors
18 shall hold a hearing on the land use analysis within 45 days of its submission to the Clerk of
19 the Board of Supervisors in order to review this analysis and consider modifications to interim
20 controls based on land use options presented by the Planning Department; and,

21 FURTHER RESOLVED, That during the time these interim controls and policies are in
22 effect, the Planning Department shall deny not approve any application for a development
23 project within the areas covered by these interim controls that require a rezoning or General
24 Plan amendment in order to be approved;

1 FURTHER RESOLVED, That during the time these interim controls and policies are in
2 effect, the Planning Department shall not commence or proceed with environmental review for
3 a any development project for which an environmental application was submitted after
4 November 23, 2004 within the areas covered by these interim controls unless and until the
5 Department has determined that the proposed project complies with the requirements of the
6 current Planning Code and these interim controls;

7 FURTHER RESOLVED, That these interim controls shall remain in effect for a period
8 of twelve (12) months or until permanent controls are adopted, whichever shall first occur.

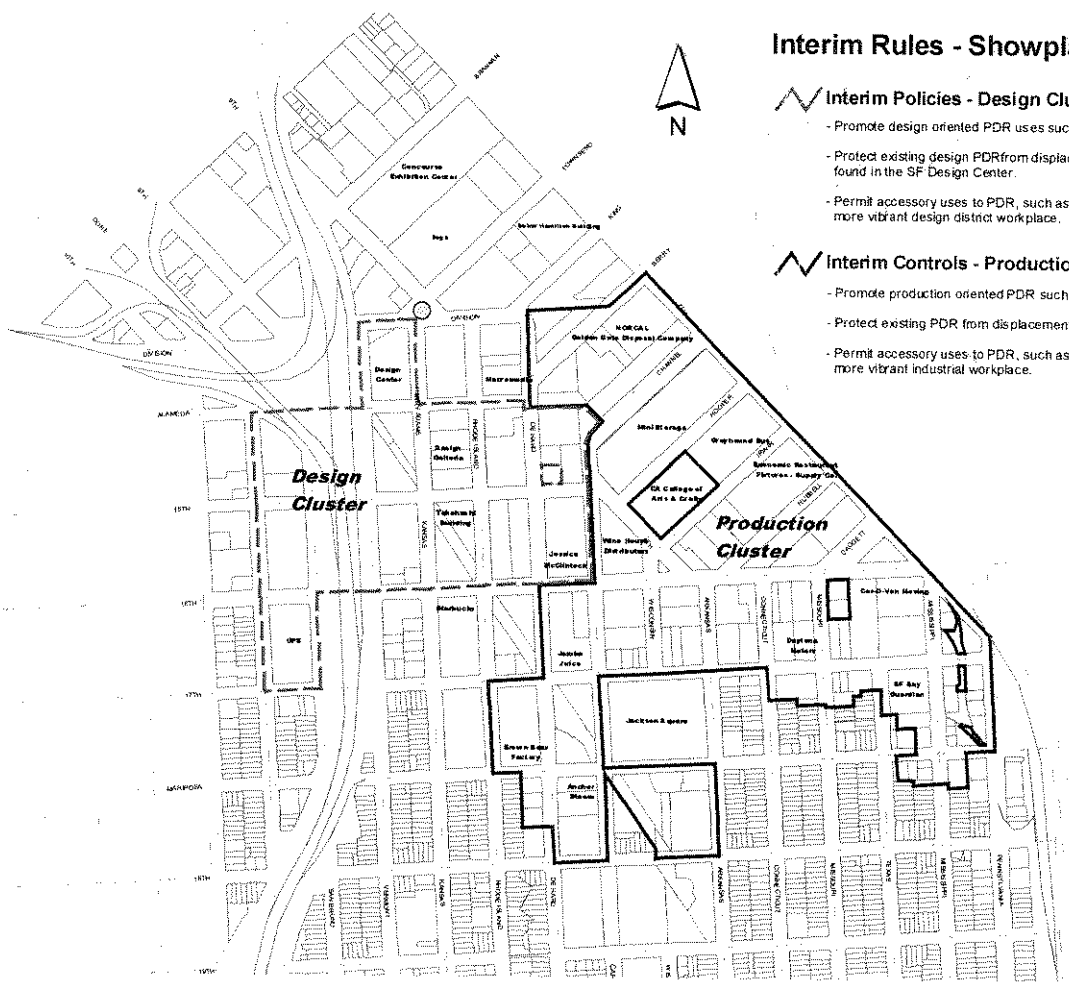
9 FURTHER RESOLVED, That in the event a court or agency of competent jurisdiction
10 holds that federal or state law, rule or regulation invalidates any clause, sentence, paragraph
11 or section of this Resolution or the application thereof to any person or circumstances, it is the
12 intent of the Board of Supervisors that the court or agency sever such clause, sentence,
13 paragraph or section so that the remainder of this Resolution shall remain in effect;

14 FURTHER RESOLVED, That, these interim controls and policies shall not apply to any
15 Development Project for which an Environmental Application was submitted prior to
16 November 23, 2004 and which does not require rezoning or a General Plan amendment.

17
18 APPROVED AS TO FORM:
19 DENNIS J. HERRERA, City Attorney

20 See file for original signature
21 By: _____
22 JUDITH A. BOYAJIAN
23 Deputy City Attorney
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Interim Rules - Showplace Square

Interim Policies - Design Cluster

- Promote design oriented PDR uses such as furniture showrooms.
- Protect existing design PDR from displacement such as those found in the SF Design Center.
- Permit accessory uses to PDR, such as retail and office, for a more vibrant design district workplace.

Interim Controls - Production Cluster

- Promote production oriented PDR such as Anchor Steam.
- Protect existing PDR from displacement such as Brown Bear Factory.
- Permit accessory uses to PDR, such as retail and office, for a more vibrant industrial workplace.



City and County of San Francisco

City Hall
1 Dr. Carlton B. Goodlett Place
San Francisco, CA 94102-4689

Tails

Resolution

File Number: 041393

Date Passed:

Resolution imposing for twelve months interim zoning controls on specific lots within Showplace Square generally bounded by 7th, Bryant, Potrero and 25th Streets and within the area identified as Production Cluster on the accompanying map that would (a) consider production, distribution and repair (PDR) a principal use if PDR activities occupy 50 percent or more of the total occupied space of the property, (b) permit office, retail and housing uses subject to certain conditions, and (c) permit displacement of PDR space or demolition of an industrial building only if it is demonstrated that the building is unsound or if the new building increases the amount of PDR space; imposing the same controls as nonbinding policies on specific lots within the Showplace Square area that are identified as Design Cluster on the accompanying map, except that design PDR are strongly encouraged and the displacement of PDR space and demolition of an industrial building are particularly discouraged in the case of an historical brick building; adopting findings.

December 14, 2004 Board of Supervisors — AMENDED

Ayes: 6 - Daly, Dufty, Elsbernd, Gonzalez, Ma, Sandoval

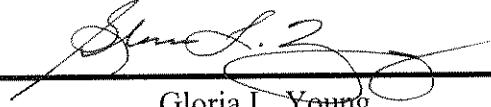
Noes: 5 - Alioto-Pier, Ammiano, Maxwell, McGoldrick, Peskin

December 14, 2004 Board of Supervisors — ADOPTED AS AMENDED

Ayes: 11 - Alioto-Pier, Ammiano, Daly, Dufty, Elsbernd, Gonzalez, Ma, Maxwell, McGoldrick, Peskin, Sandoval

File No. 041393

I hereby certify that the foregoing Resolution was ADOPTED AS AMENDED on December 14, 2004 by the Board of Supervisors of the City and County of San Francisco.



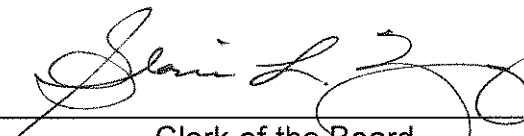
Gloria L. Young
Clerk of the Board

Date Approved

Mayor Gavin Newsom

Date: December 24, 2004

I hereby certify that the foregoing resolution, not being signed by the Mayor within the time limit as set forth in Section 3.103 of the Charter, became effective without his approval in accordance with the provision of said Section 3.103 of the Charter.



Clerk of the Board

File No.
041393