



SAN FRANCISCO PLANNING DEPARTMENT

Executive Summary Planning Code Text Amendment, Downtown Project & Conditional Use Authorizations Hearing Date: April 25, 2019

CONTINUED FROM: MARCH 14, 2019

Record No.: 2016-007303PCADNXCUA
Project Address: 5 Third Street
Zoning: C-3-O (Downtown-Office) Zoning District
120-X Height and Bulk District
Block/Lot: 3707/057
Project Sponsor: Caroline Guibert Chase
Coblentz Patch Duffy & Bass LLP
1 Montgomery Street, Suite 3000
San Francisco, CA 94104
Staff Contact: Seema Adina – (415) 575-8722
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Recommendation: **Approval with Conditions**

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PROJECT DESCRIPTION

The Project is a rehabilitation of the existing 13-story 161,108 square foot building and conversion of approximately 119,237 square feet of office use to a 170-room hotel on the second through twelfth floors as well as the creation of 964 square feet of net new floor area. Approximately 5,920 square feet of office use will remain on the second and third floors, with approximately 11,393 square feet of retail space maintained on the basement and ground floors. The historic lobby will be retained and a new hotel entrance will be created on Stevenson Street. The Project includes a lightwell infill on the seventh and eighth floors (not visible from the public right-of-way), as well as interior alterations. While the building envelope will not change on the southern structure (17-29 Third Street), interior alterations would create a two-story lobby entrance that connects to the rest of the Project Site. Portions of the existing penthouse structures on the 13th floor would be demolished, while new mechanical and elevator penthouses are proposed at a lower height, bringing the building into closer conformity with the existing 120-foot height limit. In addition, a roof deck and event space that are fully screened by the existing parapet are proposed. The Project includes a Planning Code Text Amendment of Section 188(g) to allow for the terrace infill to create new floor area above the height limit at this location. The Ordinance would allow for the Terrace Infill at this location providing greater public access to the Hearst Building and the surrounding Montgomery-Mission-Second Street Conservation District as a whole. The Hearst Building is designated as a Significant Building; Category 1 under Article 11.

REQUIRED COMMISSION ACTION

In order for the Project to proceed, the Commission must grant a Conditional Use Authorization to establish hotel use, pursuant to Planning Code Sections 210.2 and 303.

The Commission must also grant a Downtown Project Authorization, pursuant to Planning Code Section 309, with an exception to Off-Street Loading per Planning Code Section 161(e) for off-street loading.

The Commission must also approve the Planning Code Text Amendment to Section 188(g) that would allow new floor area on an existing noncomplying structure at this location.

ISSUES AND OTHER CONSIDERATIONS

- **Public Comment & Outreach.** To date, the Department has not received any public correspondence. However, the Department is aware of concerns regarding the partial demolition of the penthouse structure and impacts to the owner of the adjacent parking structure.
- **Historic Preservation Commission.** In its review of the Permit to Alter, the Historic Preservation approved the project with conditions to include an interpretative plan for the property. This interpretative plan is to be reviewed and approved by Staff and implemented in the completed project.
- **Hotel Use.** The Project proposes a 170-room hotel situated in the Financial District neighborhood, while maintaining basement and ground floor retail. The Project is necessary and desirable use at this location due to its proximity to several public transportation options as well as tourist and business destinations such as Union Square and the Moscone Center.

ENVIRONMENTAL REVIEW

On August 22, 2018 the Planning Department issued a Notice of Availability and Intent to Adopt a Mitigated Negative Declaration and published a Preliminary Mitigated Negative Declaration (PMND) for the project that included a Mitigation Monitoring and Reporting Program (MMRP) which is included as a Condition of Approval for the project and Exhibit C. The comment period for the PMND expired on September 11, 2018, and two appeals were filed. On February 14, 2019, the Planning Commission found the Mitigated Negative Declaration (MND) reflected the independent analysis and judgment of the Planning Department and affirmed the decision to issue an MND for the Project in compliance with CEQA, the CEQA Guidelines and Chapter 31. The Final Mitigated Negative Declaration was issued on March 5, 2019 and is available online at <https://sfplanning.org/environmental-review-documents>. The Planning Department, Jonas Ionin, is the custodian of records, located in File No. 2016-007303ENV, at 1650 Mission Street, San Francisco, California.

BASIS FOR RECOMMENDATION

The Department finds that the Project is, on balance, consistent with the Downtown Area Plan and the Objectives and Policies of the General Plan. The Project would adaptively reuse the historic Hearst Building with hotel use. The Project would also provide greater public access to the historic building through its rehabilitation and expansion of retail use. The Department also finds the project to be necessary, desirable,

and compatible with the surrounding neighborhood, and not to be detrimental to persons or adjacent properties in the vicinity.

ATTACHMENTS:

Draft Resolution – Planning Code Text Amendment

Draft Ordinance – Planning Code Text Amendment

Draft Motion – Downtown Authorization with Conditions of Approval

Draft Motion – Conditional Use Authorization with Conditions of Approval

Exhibit B – Plans and Renderings

Exhibit C – Environmental Determination and Mitigation Monitoring and Reporting Program

Exhibit D – Maps and Context Photos

Exhibit E – First Source Hiring Affidavit