

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

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

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11 WHEREAS, Planning Code, Section 306.7 authorizes the Board of Supervisors  
12 to impose interim zoning controls to temporarily suspend the processing of certain land  
13 use authorizations which may be in conflict with a contemplated zoning proposal which  
14 the Board of Supervisors, the Planning Commission or the Planning Department is  
15 considering or studying or intends to study within a reasonable time; and

16 WHEREAS, On March 16, 2017, the Planning Commission held a public hearing  
17 on proposed office conversions in the C-3-R Downtown Retail Zoning District whereat  
18 the Mayor's Office on Economic and Workforce Development (OEWD) presented  
19 findings that analyzed trends within the C-3-R Downtown Retail Zoning District as  
20 compared to the rest of the City, and to regional and national retail trends; and

21 WHEREAS, At the March 16, 2017, the Planning Commission was presented  
22 with three possible options: to continue to review projects seeking upper level retail to  
23 office space conversions on a case-by-case basis; to adopt a policy that provides  
24 specific additional criteria that projects must meet in order for approval; or to initiate  
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1 changes to the Planning Code to codify the criteria that projects must meet in order for  
2 approval; and

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

9 WHEREAS, On February 22, 2018, the Planning Commission held another  
10 public hearing on retail to office space conversion within Union Square, at which OEWD  
11 cited dramatic changes in the retail landscape over the past 40 years in San Francisco  
12 and ongoing major restructuring in the national retail industry; and

13 WHEREAS, OEWD also found that although San Francisco's retail economy has  
14 somewhat slowed, San Francisco's many competitive advantages for retail and  
15 restaurants have nevertheless insulated the City's retail from national trends, including  
16 the City's strong local economy, significant regional and international tourism, and large  
17 number of malls; and

18 WHEREAS, The Planning Department has also suggested a possible framework  
19 of limitations for Non-Retail Sales and Service Uses in the C-3-R Downtown Retail  
20 Zoning District, which includes a prohibition on Non-Retail Sales and Services uses on  
21 floors 1-3, permitting Non-Retail Sales and Service uses on the 4th floor and above  
22 when they are 5,000 square feet or less, and Conditional Use authorization for any Non-  
23 Retail Sales and Service use greater than 5,000 square feet; and

24 WHEREAS, Irrespective of the suggestion of the Planning Department, no formal  
25 legislation has been introduced to codify any such framework, the Planning Commission

1 took no substantive action on any possible framework, and any framework would be a  
2 legislative act subject to approval by the Board of Supervisors; and

3 WHEREAS, In its February 15, 2018, Memo to the Planning Commission, the  
4 Planning Department cites the need to create criteria that provide guidance for the  
5 Planning Commission to consider when approving or denying an application for  
6 Conditional Use authorization, and invited additional guidance from the Commission on  
7 a suggested framework; now, therefore, be it

8 RESOLVED, Pursuant to Planning Code, Section 306.7, the Board of  
9 Supervisors, by this Resolution, hereby suspends the processing of any application for  
10 conversion of retail to office space in the C-3-R Downtown Retail Zoning District by any  
11 City agency, board, commission, officer or employee from approving any entitlement,  
12 site permit, building permit, or any other permit or license, pending zoning proposals  
13 which the Planning Commission, Planning Department and Board of Supervisors are  
14 studying or intend to study within a reasonable time; and, be it

15 FURTHER RESOLVED, That these interim controls shall apply to any application  
16 described in the preceding "Resolved" clause that has yet to receive an approval of any  
17 aforementioned application for entitlement, site permit, building permit, or any other  
18 permit or license prior to the effective date of this resolution; and, be it

19 FURTHER RESOLVED, That for purposes of these interim controls, "approval" in  
20 the preceding "Resolved" clauses shall include any required approval or determination  
21 on an application for Conditional Use authorization to convert existing retail to office  
22 space in the C-3-R Downtown Retail Zoning District; and, be it

23 FURTHER RESOLVED, That these interim controls shall remain in effect for 18  
24 months from the effective date of this Resolution, or until approval by the Planning  
25 Commission and adoption by the Board of Supervisors of permanent legislation

1 regarding conversion of retail to office space in the C-3-R Downtown Retail Zoning  
2 District; and, be it

3 FURTHER RESOLVED, That these interim controls advance and are consistent  
4 with the eight Priority Policies of Planning Code, Section 101.1, particularly Policies 1  
5 and 5, in that they seek to preserve and enhance existing neighborhood-serving retail  
6 uses and future opportunities for resident employment, and to preserve a diverse  
7 economic base by protecting service sectors from displacement due to commercial  
8 office development; with respect to the other Priority Policies, the Board finds that these  
9 interim zoning controls do not have an effect or will not conflict with said policies.

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