

RESOLUTION NO. 20-2008

Adopted April 1, 2008

GRANTING A VARIANCE FROM THE OFF-STREET FREIGHT LOADING REQUIREMENTS AND AN EXCEPTION FROM THE BULK LIMITS OF THE YERBA BUENA CENTER REDEVELOPMENT PLAN FOR THE REDEVELOPMENT OF 680-690 FOLSOM STREET AND 50 HAWTHORNE STREET (ASSESSOR'S BLOCK 3735, LOTS 013-017); YERBA BUENA CENTER REDEVELOPMENT PROJECT AREA

BASIS FOR RESOLUTION

1. 680 Folsom Street, 690 Folsom Street, and 50 Hawthorne Street are located on the approximately two acre property bounded by Third Street, Folsom Street, Clementina Street and Hawthorne Street (collectively the "Site") in the Yerba Buena Center Redevelopment Project Area (the "Project Area"). The Site contains two vacant office buildings at 680 Folsom Street and 50 Hawthorne Street constructed in 1962, and a parking garage at 690 Folsom Street constructed in 1926. The former owner, Pacific Telephone, sold the Site in 2007 to Hawthorne Folsom Place LLC, a Delaware limited liability company (the "Owner").
2. The Owner seeks the Agency's approval of the proposed schematic design for the development of the Site, which requires Agency approval of the off-street freight loading space variance and the bulk exception described in Sections 3, 4 and 5, and the Agency's approval of an Owner Participation Agreement (the "OPA") for the redevelopment of the Site in two phases.
 - A. Owner's Phase I Proposal. The Owner's proposed schematic design includes the renovation and expansion of the office building at 680 Folsom Street, renovation of the office building at 50 Hawthorne Street, and demolition of the existing building at 690 Folsom Street. Upon completion of the renovation of 680 Folsom and 50 Hawthorne Streets, such portion of the development will include 492,510 square feet of gross floor area dedicated to office use, and 10,000 square feet of gross floor area dedicated to retail use. These components are sometimes collectively referred to as "Phase I," which may also include the installation of temporary landscaping on the 690 Folsom Street portion of the Site.
 - B. Potential Option Agreement regarding 690 Folsom Street. The Owner is also negotiating an option agreement to sell all or a portion of the property located at 690 Folsom Street to the Museum of Performance and Design (the "Museum") for the Museum's construction of a museum and performance space. If the Owner is able to negotiate an option agreement

with the Museum and the Museum exercises its option to purchase 690 Folsom Street, then the Owner will install temporary landscaping to improve the site during Phase I, while the Museum proceeds with its development and planning. The schematic design for the Museum's potential development of 690 Folsom Street has not been developed and therefore the Agency is not considering the Museum's schematic design at this time.

- C. Owner's Phase II Proposal. If the Owner is unable to negotiate an option agreement or the Museum does not exercise its option, the Owner will construct a new 15,040-square-foot retail and atrium development at 690 Folsom Street as a second phase of the Owner's proposed development, which is depicted as a part of the Owner's schematic design. The proposed retail space will contain a gross floor area of approximately 10,859 square feet.
3. The Yerba Buena Center Redevelopment Plan (the "Redevelopment Plan") describes the permitted uses and development standards pertaining to the Site, and designates the Site's zoning as C-3-0 (SD) and its height and bulk as 250-S.
- A. The schematic design for the proposed development meets the density and height requirements of the Redevelopment Plan.
 - B. However, the development depicted in the schematic design does not meet the Redevelopment Plan's requirements for off-street freight loading spaces, which are based on Section 152.1 of the Planning Code and require one off-street freight loading space per every 100,000 square feet of gross floor area of office use, zero off-street freight loading spaces for retail uses with 10,000 or less square feet of gross floor area, and one off-street freight loading space for retail uses with 10,001 to 30,000 square feet of gross floor area. Thus, a total of six off-street freight loading spaces are required for the proposed development. Rather than provide any of the required off-street freight loading spaces, the Owner is proposing to continue the existing practice of utilizing the back alley at Kaplan Lane/Clementina Street for loading purposes. Therefore, the Owner is requesting a six-space variance from the Redevelopment Plan's off-street freight loading requirements.
 - C. The building at 680 Folsom Street, built prior to adoption of the Redevelopment Plan, exceeds the bulk limits established by Section 270(d) of the Planning Code. The improvements proposed by the Owner will increase the discrepancies between the building's current bulk and the bulk limits set by the Planning Code, as analyzed in Attachment A to this Resolution, titled "680 Folsom Street Bulk Requirements" and next summarized.

Planning Code Bulk Limits		Existing Building % Variance from Code	Proposed Building % Variance from Code % Change from Existing Building	
L O W E R T O W E R	Maximum Floor Size	49%	60%	7%
	Maximum Average Floor Size	76%	88%	7%
	Maximum Length	51%	61%	7%
	Maximum Diagonal	43%	52%	6%
U P P E R T O W E R	Maximum Floor Size	76%	88%	6%
	Maximum Average Floor Size	149%	167%	7%
	Maximum Length	86%	98%	6%
	Maximum Diagonal	70%	80%	6%

4. For the reasons discussed below, staff recommends granting a variance from the off-street freight loading requirements of the Redevelopment Plan that would otherwise require the creation of six off-street loading spaces, rather than the continued use of Kaplan Lane/Clementina Street for loading. The Redevelopment Plan authorizes the granting of minor variances from the requirements and limitations of the Redevelopment Plan where undue hardships, practical difficulties, or consequences inconsistent with the general purposes of the Redevelopment Plan will result from the literal interpretation of the Redevelopment Plan. Furthermore, Section 161(i) of the Planning Code recognizes that creation of off-street freight loading and service vehicle spaces for uses in C-3 Districts may be impractical or undesirable, based on the application of the following criteria to the proposed development:

- A. Criterion: *Provision of freight loading and service vehicle spaces cannot be accomplished under-ground because site constraints will not permit ramps, elevators, turntables and maneuvering areas with reasonable safety.*

Application of Criterion: There is insufficient clearance in the existing parking garage for the access route that would be necessary for the provision of off-street loading spaces in the parking garage.

- B. Criterion: *Provision of the required number of freight loading and service vehicle spaces on-site would result in the use of an unreasonable percentage of ground-floor area, and thereby preclude more desirable use of the ground floor for retail, pedestrian circulation or open space uses.*

Application of Criterion: There is no feasible on-site alternative that would not preclude ground-floor retail, pedestrian circulation or open space uses, all of which are *desirable* in this downtown location.

- C. Criterion: *A jointly used underground facility with access to a number of separate buildings and meeting the collective needs for freight loading and service vehicles for all uses in the buildings involved cannot be provided.*

Application of Criterion: The proposed Phase I development focuses primarily on the renovation of the existing structures located at 680 Folsom Street and 50 Hawthorne Street, which do not contain any underground parking facility that can be used for loading.

- D. Criterion: *Spaces for delivery functions can be provided at the adjacent curb without adverse effect on pedestrian circulation, transit operations or general traffic circulation, and off-street space permanently reserved for service vehicles is provided either on-site or in the immediate vicinity of the building.*

Application of Criterion: Loading currently occurs at the rear of the building at Clementina Street and Kaplan Lane. These alleyways serve as the "back of house" service area not only for 660 Folsom, but for various other adjacent businesses. As such, it is therefore appropriate that loading functions would continue to be served under existing conditions. Because of the service area nature of the alley, the loading arrangement does not adversely impact pedestrian circulation, transit operations or general traffic circulation.

5. The Redevelopment Plan subdivides the Project Area into classes of height and bulk districts, the limits of which are determined by the Planning Code. The Site is located in the 250-S Height and Bulk District. As currently constructed, the building at 680 Folsom Street, which was built prior to adoption of the Redevelopment Plan, far exceeds the bulk limits established by Section 270(d) of the Planning Code. With the improvements proposed by the Owner, the discrepancies between the building and the bulk limits set by the Planning Code will increase, are summarized below and further detailed in Attachment A. Therefore, the Owner is requesting an exception from the bulk requirements of the Redevelopment Plan. Staff recommends granting an exception from the bulk requirements of the Redevelopment Plan. The Redevelopment Plan provides for the granting of minor variances from the requirements and limitations of the

Redevelopment Plan where undue hardships, practical difficulties, or consequences inconsistent with the general purposes of the Redevelopment. Per Section 309.12 of the Planning Code, exceptions to bulk requirements for properties located in C-3 Zoning Districts may be granted if at least one of the five criteria set forth in Section 272 of the Planning Code are met. For the reasons discussed below, staff believes that the proposed development at 680 Folsom Street meets the Redevelopment Plan's criteria and four of the criteria set forth in Section 272 of the Planning Code.

A. The Section 272 criteria and their application to the proposed development are discussed below.

- i. Criterion: *Achievement of a distinctly better design, in both a public and a private sense, than would be possible with strict adherence to the bulk limits, avoiding an unnecessary prescription of building form while carrying out the intent of the bulk limits and the principles and policies of the Master Plan;*

Application of Criterion: The existing office building at 680 Folsom Street is currently a non-conforming structure, with approximately uniform floor plates and building dimensions at all levels. The overall design intent of the proposed improvements to 680 Folsom Street is to "slide" the building sections along the east/west plane to break the building massing up to read as two aggregate pieces, rather than one. This will eliminate the "box" design of the existing structure by breaking down the apparent bulk and reducing the building's perceived mass. Each of the aggregate pieces would read as substantially smaller, with each component having length dimensions below the limits set by the Planning Code.

- ii. Criterion: *Development of a building or structure with widespread public service benefits and significance to the community at large, where compelling functional requirements of the specific building or structure make necessary such a deviation; and provided further that all of the following criteria are met: 1. The added bulk does not contribute significantly to shading of publicly accessible open space, 2. The added bulk does not increase ground level wind currents in violation of the provisions of Section 148 of this Code;*

Application of Criterion: Phase I of the development consists of the rehabilitation of existing buildings that will result in improved building design. Phase II of the development will result in the demolition of an outdated parking structure and its replacement by either a new cultural facility (if developed by the Museum) or a

retail structure that will include uses that will complement the Phase I portion of the development.

- iii. Criterion: *The added bulk does not significantly affect light and air to adjacent buildings;*

Application of Criterion: The added bulk would not impact light and air to other buildings on the development site nor to other nearby buildings.

- iv. Criterion: *If appropriate to the massing of the building, the appearance of bulk in the building, structure or development is reduced to the extent feasible by means of at least one and preferably a combination of the following factors, so as to produce the impression of an aggregate of parts rather than a single building mass;*

- a. *Major variations in the planes of wall surfaces, in either depth or direction, that significantly alter the mass,*
- b. *Significant differences in the heights of various portions of the building, structure or development that divide the mass into distinct elements,*
- c. *Differences in materials, colors or scales of the facades that produce separate major elements,*
- d. *Compensation for those portions of the building, structure or development that may exceed the bulk limits by corresponding reduction of other portions below the maximum bulk permitted, and*
- e. *In cases where two or more buildings, structures or towers are contained within a single development, a wide separation between such buildings, structures or towers;*

Application of Criterion: Variations in the planes of wall surfaces are discussed above. Height will also be differentiated, as there is a 15' height difference between the two major building components. Along the south elevation, there are four distinct planes. The planes differ in terms of the scale of the openings and extent of glass expanses. The north elevation is differentiated in terms of scale of openings from the south, and is also punctuated by an offset projecting bay.

- v. Criterion: *The building, structure or development is made compatible with the character and development of the surrounding area by means of all of the following factors:*

- a. *A silhouette harmonious with natural land-forms and building patterns, including the patterns produced by height limits,*
- b. *Either maintenance of an overall height similar to that of surrounding development or a sensitive transition, where appropriate, to development of a dissimilar character,*
- c. *Use of materials, colors and scales either similar to or harmonizing with those of nearby development, and*
- d. *Preservation or enhancement of the pedestrian environment by maintenance of pleasant scale and visual interest.*

Application of Criterion: The proposed development steps up toward and provides a transition to larger buildings to the north, such as the W Hotel and the St. Regis Hotel and Residences, and the adjacent building to the north on Hawthorne Street. It is proposed to be predominantly of glass and light materials, consistent with the character of surrounding development. The pedestrian experience will be improved considerably by removal of the wrought iron fence and granite retaining walls along the pedestrian sidewalk, and a more open and permeable ground level, including open expanses of glass, graceful steps, green landscaping and generous sheltered pedestrian way along the Folsom Street side of the development.

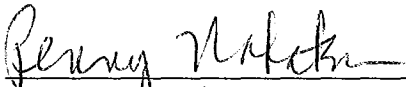
- B. The Redevelopment Plan criteria is met by the proposed development are because of the fact that most of the proposed development consists of renovation of existing buildings located at 690 Folsom Street and 50 Hawthorne Street, which would result in a distinctly improved design that promote the development objectives of the Redevelopment Plan. In addition the Phase II portion of the development would entail the demolition of an unattractive parking structure and replace it with either a distinctly improved Museum building or the approximately 15,040 square feet retail and atrium development proposed by the Owner.
6. The proposed alterations to the two existing buildings at 680 Folsom Street and 50 Hawthorne Street are categorically exempt as alterations to existing facilities pursuant to Section 15301 of the California Environmental Quality Act ("CEQA") Guidelines. The demolition of the existing building at 690 Folsom Street is categorically exempt pursuant to Section 15301 of the CEQA Guidelines and its proposed replacement with new construction is categorically exempt as infill development pursuant to Section 15332 of the CEQA Guidelines. The development will not result in a significant physical effect on the environment.

RESOLUTION

ACCORDINGLY, IT IS RESOLVED by the Redevelopment Agency of the City and County of San Francisco as follows:

1. A variance is granted from the off-street freight loading requirements of the Yerba Buena Center Redevelopment Plan for the development of 680-690 Folsom Street and 50 Hawthorne Street (Assessor's Block 3735, Lots 013-017), as proposed by Hawthorne Folsom Place LLC, a Delaware limited liability company; and
2. An exception is granted from the bulk requirements of the Yerba Buena Center Redevelopment Plan, pursuant to Sections 272 and 309.12 of the Planning Code, for the development of 680 Folsom Street (Assessor's Block 3735, Lots 013 and 014), as proposed by Hawthorne Folsom Place LLC.

APPROVED AS TO FORM:

for 
James B. Morales
Agency General Counsel

680 Folsom Street Bulk Requirements

Planning Code Requirements		<u>Existing Building</u>		<u>Proposed Building</u>		
		Dimensions	% Variance from Code	Dimensions	% Variance from Code	% Change from Existing Building
BASE	Maximum Height = 103 feet	Base Height = 31'4"	0%	Base Height = 31'4"	0%	0%
LOWER TOWER	Maximum Floor Size = 20,000 sq. feet	Largest Floor Size = 29,843 sq. feet	49%	Largest Floor Size = 32,015 sq. feet	60%	7%
	Maximum Average Floor Size = 17,000 sq. feet	Average Floor Size = 29,843 sq. feet	76%	Average Floor Size = 32,015 sq. feet	88%	7%
	Maximum Length = 160 feet	Largest Length = 242 feet	51%	Largest Length = 257-7 feet	61%	7%
	Maximum Diagonal = 190 feet	Largest Diagonal = 272 feet	43%	Largest Diagonal = 289 feet	52%	6%
UPPER TOWER	Maximum Floor Size = 17,000 sq. feet	Largest Floor Size = 29,843 sq. feet	76%	Largest Floor Size = 32,015 sq. feet	88%	6%
	Maximum Average Floor Size = 12,000 sq. feet	Average Floor Size = 29,843 sq. feet	149%	Average Floor Size = 32,015 sq. feet	167%	7%
	Maximum Length = 130 feet	Largest Length = 242 feet	86%	Largest Length = 257-7 feet	98%	6%
	Maximum Diagonal = 160 feet	Largest Diagonal = 272 feet	70%	Largest Diagonal = 288-7 feet	80%	6%