

## RESOLUTION NO. 147-2006

*Adopted November 7, 2006*

### **GRANTING A FLOOR AREA RATIO VARIANCE AND AUTHORIZING AN OWNER PARTICIPATION AGREEMENT WITH SHOGAKUKAN, INC., A JAPAN CORPORATION, FOR A COMMERCIAL USE BUILDING AT 1746 POST STREET, ASSESSOR'S BLOCK 0685, LOT 012, BETWEEN WEBSTER AND LAGUNA STREETS; WESTERN ADDITION REDEVELOPMENT PROJECT AREA A-2**

#### **BASIS FOR RESOLUTION**

1. Shogakukan, Inc., a Japan corporation ("Owner"), is the owner of an approximately 5,568-square-foot property located in Japantown at 1746 Post Street, on the north side of Post Street, between Webster and Laguna Streets, Lot 012 in Assessor's Block 0685 (formerly Agency Disposition Parcel 685-C) ("Site") in the Western Addition Redevelopment Project Area A-2 ("Project Area").
2. The Site is currently improved with a 30-foot, two-story commercial building (plus a basement and mezzanine) that is approximately 12,780 square feet and was constructed in 1923. In 1976, the existing building was rehabilitated by Hokubei Mainichi, Inc. ("Hokubei Mainichi"), pursuant to the *Nihonmachi Plan* ("Nihonmachi Plan") deemed approved by the Redevelopment Agency of the City and County of San Francisco ("Agency") in 1970. In 2005, the Hokubei Mainichi sold the property to the Owner.
3. The Site is located within a four-block sub-area (Blocks 0675, 0676, 0685 and 0686) of Nihonmachi, also known as Japantown, which was developed by and through the Nihonmachi Community Development Corporation ("NCDC") pursuant to: (1) an Agreement Contemplating a Negotiated Disposition of Land for Private Redevelopment ("Master Agreement") dated March 19, 1968 and recorded in the Official Records on July 29, 1970 as Document No. T-04975; (2) the Nihonmachi Plan, as furnished to the Agency by NCDC on March 18, 1970; and (3) parking variances granted by the Agency pursuant to Resolution No. 75-70, approved on April 28, 1970, and also granted by the City's Zoning Administrator pursuant to Variance No. V270.7 approved on April 22, 1970 (together the "1970 Parking Variances").
4. Centralized parking for the Nihonmachi commercial parcels identified in the Nihonmachi Plan was developed pursuant to the Master Agreement, the 1970 Parking Variances, and separate agreements with the Nihonmachi Parking Corporation ("NPC"), an entity established by NCDC to implement and manage

Nihonmachi parking requirements. This centralized parking was to be located on two surface lots (Parcel 685-H and Parcel 686-H(1)) and in an underground garage (Parcel 676-D). Since 1746 Post Street is located within the boundaries of the Nihonmachi Plan area, the off-street parking requirements for the proposed project have been deemed satisfied pursuant to the 1970 Parking Variances by the parking facilities operated by the NPC.

5. The Owner proposes to demolish the existing building and construct a three-story building (including a basement) for commercial use on the Site (collectively, the "Development"). The new approximately 50-foot building will have approximately 20,830 actual square feet of commercial space that will include the following uses:
  - On the basement level – a cinema with approximately 156 seats and a projection booth;
  - On the ground floor level – a lobby, cinema ticket sales, and ancillary support space. In addition, the Owner is currently considering a combination of uses including a café, bookstore, restaurant, coffee bar, and/or radio station booth; and
  - On the second and third floors – offices and possibly some retail.
6. The Site is located in the Western Addition A-2 Redevelopment Plan's ("Redevelopment Plan") Commercial, Community, Shopping ("CC") Use District. The Redevelopment Plan provides for owners to participate in the redevelopment of private property in the Project Area and the Owner wishes to participate and to enter into an owner participation agreement to build the proposed commercial Development.
7. The Redevelopment Plan's floor area ratio ("FAR") development standards limits commercial development in the CC Use District to no more than 1.2 square feet of gross floor area for each square foot of lot area. Gross floor area is calculated based on the Redevelopment Plan's guidelines and is different from the actual square footage of the proposed building.
8. In the proposed Development, the actual building square footage is 20,830 and the gross building square footage is 19,897. The property has approximately 5,569 square feet of lot area. It appears, based on a review of Agency records, that NCDC allocated the lot area from Parcel 685-H and Parcel 686-H(1) ("Parking Lot Parcels") to most of the Nihonmachi commercial lots ("Parking Lot Allocation"). In this case, about 2,397 square feet of lot area is deemed to have been allocated to the Site from the Parking Lot Parcels by NCDC, resulting in an adjusted lot area of 7,966 square feet ("Adjusted Site Area").

9. Using this Adjusted Site Area, the FAR for the proposed Development is based on the following calculation: The proposed Development's 19,897 square feet of gross floor area (as defined in the Redevelopment Plan) is divided by the Adjusted Site Area of approximately 7,965.75 square feet, resulting in a 2.5 FAR (2.5 square feet of gross floor area for each square foot of Adjusted Site Area). Therefore, the Owner is requesting a 2.5 FAR variance from the Redevelopment Plan's FAR standards.
10. The Redevelopment Plan provides mechanisms for variances from the FAR development standards for properties in the Project Area, such as in cases where a variance would achieve:

“a distinctly better design, in both a public and a private sense, than would be possible with strict adherence to the development standards, avoiding an unnecessary prescription of building form while carrying out the intent of the design principles and policies of the Plan.”
11. The proposed Development is specifically designed for multiple programmatic uses (i.e., a Japanese-themed movie theater and bookstore) that engage and invite public use, thereby contributing to Japantown's economic development and strengthening its historic connection to the Japanese-American community by providing new facilities for the Hokubei Mainichi and the Radio Mainichi and establishing a new venue for presentation of contemporary Japanese culture.
12. By locating a number of small tenants together, the Project Sponsor hopes to create a “destination” project that will attract more people than each use would attract separately. For example, some of the economic benefits achieved by the proposed Development, as estimated in the Draft EIR, include:
  - The cinema at the J-Pop Center is expected to draw between 100 to 300 patrons per day, depending on the schedule of cinema operations;
  - The J-Pop Center is expected to need about 42 to 50 employees, compared to the approximately 13 employees currently working at the *Hokubei Mainichi* newspaper and *Radio Mainichi*; and
  - The J-Pop Center is expected to generate about 1,900 net new person-trips (the number of times the new building would be visited every day over and above visits to the existing building) daily during the weekday, of which approximately 197 would occur during the evening rush hour. These new 197 net new person-trips would include 125 trips by automobile, 18 trips by transit, and 54 trips by walking or other modes.
13. If the Development were designed strictly adhering to the Redevelopment Plan's FAR requirements, a building only half the size would be allowed and it would

not be possible to provide as many programmatic uses in such a small building. Accordingly, the economic development, social and cultural benefits for Japantown would be greatly reduced.

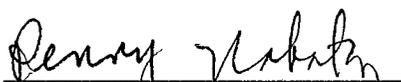
14. Agency staff believes that the proposed Development provides for a distinctly better design than is possible with a smaller building constructed in accordance with a maximum 1.2 FAR. In addition, the proposed Development enables the provision of space for the Hokubei Mainichi, one of the two publishers of Japanese and English language newspapers in San Francisco, and the Radio Mainichi, a Japanese language radio station, at a reduced rent. Therefore, based on the factors mentioned above, staff recommends granting a variance enabling the Development to be constructed based on a maximum 2.5 FAR.
15. The Agency Commission is concurrently considering and has adopted a resolution certifying the Final Environmental Impact Report for the proposed Development pursuant to the California Environment Quality Act and State CEQA Guidelines (collectively "CEQA") and adopting environment findings pursuant to CEQA.
16. The Agency Commission is also concurrently considering a resolution that provides for a conditional approval of schematic design for the proposed Development.

#### **RESOLUTION**

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

- (1) A variance is granted for the development of the 1746 Post Street site, as proposed by Shogakukan, Inc., a Japan corporation, from the floor area ratio requirements in the CC Use District Standards for Development in the Western Addition A-2 Redevelopment Plan; and
- (2) The Executive Director is authorized to execute an Owner Participation Agreement and related documents with Shogakukan, Inc. for the development of a commercial building located at 1746 Post Street, Assessor's Block 0685, Lot 012, in the Western Addition Redevelopment Project Area A-2, substantially in the form lodged with the Agency General Counsel.

**APPROVED AS TO FORM:**

  
James B. Morales  
for Agency General Counsel