RESOLUTION NO. 21-2008

Adopted April 1, 2008

CONDITIONALLY APPROVING THE SCHEMATIC DESIGN FOR A PROPOSED DEVELOPMENT AT 680-690 FOLSOM STREET AND 50 HAWTHORNE STREET (ASSESSOR'S BLOCK 3735, LOTS 013-017), INCLUDING: (1) RENOVATION AND EXPANSION OF THE EXISTING OFFICE BUILDING AT 680 FOLSOM STREET, RENOVATION OF THE EXISTING OFFICE BUILDING AT 50 HAWTHORNE STREET, DEMOLITION OF THE EXISTING BUILDING AND POTENTIAL INSTALLATION OF TEMPORARY LANDSCAPING AT 690 FOLSOM STREET, AND (2) REDEVELOPMENT OF THE 690 FOLSOM STREET PORTION OF THE SITE AS A NEW APPROXIMATELY 15,040-SQUARE-FOOT RETAIL AND ATRIUM DEVELOPMENT; YERBA BUENA CENTER REDEVELOPMENT PROJECT AREA

BASIS FOR RESOLUTION

1. 680 Folsom Street, 690 Folsom Street, and 50 Hawthorne Street are located on the 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 Site contains two vacant office buildings at 680 Folsom Street and 50 Hawthorne Street that were originally constructed in 1962, and a parking garage at 690 Folsom Street that was constructed in 1926. The property was sold by Pacific Telephone to Hawthorne Folsom Place LLC, a Delaware limited liability company (the “Owner”), in 2007.

2. The Owner seeks approval of an Owner Participation Agreement (the “OPA”) for the development of the Site, which the Agency is concurrently considering pursuant to a separate resolution, Resolution No. 22-2008.

3. Under the OPA, the Owner is proposing a schematic design that 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. The OPA also includes provisions for the redevelopment of the 690 Folsom Street portion of the Site.

4. Renovation of 680 Folsom Street will include full seismic and accessibility upgrades, asbestos abatement, a new exterior skin, a new fire life safety system, removal of the circulation bridge to 50 Hawthorne Street, and a two-story vertical addition, which will increase the gross building area 117,000 square feet to a total of approximately 522,040 square feet.
5. Renovation of 50 Hawthorne Street will include accessibility upgrades, installation of new glazing in existing openings, the addition of glazing to the ground floor, new mechanical, electrical and plumbing systems, and removal of the circulation bridge to 680 Folsom Street.

6. During the renovation of 680 Folsom and 50 Hawthorne Streets, the building at 690 Folsom Street, located at the corner of Folsom and Third Streets, will be used for construction staging. It will then be demolished. The Owner is in negotiations with the Museum of Performance and Design (the “Museum”) regarding an option agreement for the sale of all or a portion of the 690 Folsom Street site to the Museum for construction of a museum and performance space. If the Owner and the Museum enter into an option agreement and the Museum exercises its option to acquire the property, the Museum will apply for the entitlements necessary to enable it to construct its museum and performance space and the Owner’s only Phase I obligation under the OPA in regards to the property at 690 Folsom Street would be to install and maintain temporary landscaping after demolishing the existing structure. If the Owner and the Museum do not enter into an option agreement or the Museum decides not to exercise its option to purchase the property, the Owner will construct, as Phase II of the development, a new, 15,040-square-foot building on the property, including a 3,577-square-foot atrium and a 10,859-square-foot restaurant space on the corner of Third and Folsom Streets, that will connect to the office building at 680 Folsom Street.

7. The permitted uses and development standards pertaining to the Site are described in the Yerba Buena Center Redevelopment Plan (the “Redevelopment Plan”), which designates the Site’s zoning as C-3-0 (SD) and its height and bulk as part of a 250-S district.

8. The schematic design for the proposed development meets the density and height requirements of the Redevelopment Plan, but does not meet the off-street freight loading and bulk requirements of the Redevelopment Plan. Therefore, the Agency Commission, pursuant to Resolution No. 20-2008, is concurrently considering a variance from the off-street freight loading requirements and an exception from the bulk limits of the Redevelopment Plan pursuant to applicable provisions of the City’s Planning Code.

9. The proposed alterations to two existing buildings, 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.

10. Agency staff recommends approval of the schematic design for the Phase I and Phase II development proposed by the Owner, subject to successful resolution of the following design comments and concerns:
As shown in the renderings provided in the schematic design documents, the intention is to use a variety of materials in the glass curtain walls to be installed on 680 Folsom Street, including the glass, the metal shadow box, and metal fins, to create variation in the palette of the tower. Prior to approval of the applicable permit, a full scale mockup of a representative panel will be built on site, showing how the approved materials will be used to achieve this variation in the palette, and Agency staff will be provided an opportunity to view this mock-up for consistency with the approved schematic design documents.

The alternative museum and performance space use that may be proposed for 690 Folsom Street will require the Owner's development of a temporary landscaping design to complete its Phase I obligations. The Owner will submit a schematic design for the temporary landscaping for Agency staff's review and approval. The Owner agrees that if the Museum purchases the 690 Folsom Street site, the Owner must complete the temporary landscaping as part of the Phase I of the development, as described in the OPA.

If the Museum purchases 690 Folsom Street, integration of the Museum's design with 680 Folsom Street design will be required to connect the pedestrian improvements of both projects and any proposed museum and performance space hereafter proposed will necessitate the issuance of additional entitlements, since such alternative development proposal is outside of the scope of this Resolution.

RESOLUTION

ACCORDINGLY, IT IS RESOLVED by the Redevelopment Agency of the City and County of San Francisco that the schematic design for the proposed two-phase redevelopment of 680-690 Folsom Street and 50 Hawthorne Street (Assessor's Block 3735, Lots 013-017) is conditionally approved in the form submitted by the Owner and presented to the Commission, subject to Agency staff's approval of the proposal to be submitted by the Owner for resolution of the design conditions stated in foregoing portions of this Resolution, together with such refinements as the Executive Director may approve which do not substantially alter the schematic design concept.

APPROVED AS TO FORM:

[Signature]
James B. Morales
Agency General Counsel