

SPUR: New Models for a Maker Economy

Legitimizing Office to Save PDR

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Office Legitimization Under Section 179.1

- Legitimization program allowed certain pre-existing office uses to remain in formerly industrial zoning districts
- No longer available as of November 12, 2012

Office Legitimization Under Section 179.1

- Section 179.1 Requirements

Legal Test

- existed as of the date of application
- was principally permitted or allowed with CU
- no longer a permitted use
- functioning for at least 2 years prior
- not discontinued or abandoned

Office Legitimization Under Section 179.1

- ZA determines eligibility based on evidence presented
 - Issues letter of legitimization
 - Sec. 321 office allocation if $\geq 25,000$ sq.ft.
 - Project sponsor pays impact fees
 - DBI conversion permit

Case Study

- Approx. 130,000 sq. ft., 4-story building in the Northeast Mission
- Built in the mid-1920s
- Approx. 48,000 sq. ft. of office uses on 3rd and 4th floors
- PDR uses on ground floors

Summer 2011	Early 2012	Mid-Spring 2012
Applied to legitimize	Department issued letter of legitimization	Project obtained Section 321 “small cap” office allocation

Over \$500,000 in development impact fees; consultant fees

The Result

- Nearly full building occupancy
 - PDR uses on ground floors
 - Legitimized office floors are a mix of start-up/early stage tech firms and design firms
 - Office rents help to subsidize the PDR rents
 - Old industrial buildings are expensive to upgrade and maintain
 - Coolness/realness factor
 - Tenant synergies
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