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January 23, 2023

President Diane Matsuda  
San Francisco Historic Preservation Commission  
49 South Van Ness, Suite 1400  
San Francisco, CA 94103

Re: Pending Amendment to Article 10 Landmark Designation for Castro Theatre

Dear President Matsuda and Commissioners:

This firm represents the Nasser family, who constructed and have owned and operated the Castro Theatre since its opening in 1922. We write this letter to address the proposed set of amendments to the existing Article 10 landmark designation applicable to the Castro Theatre (Planning Department Case No. 2022-006075DES).

The Nasser family appreciates the efforts of City officials, the Historic Preservation Commission (“HPC”), Planning Department staff, and community stakeholders to ensure that historic features central to the architecture and operation of the Castro Theatre remain preserved and maintained for years to come. However, we respectfully request that the HPC recommend disapproval of any proposal to landmark seating on the orchestra floor, as doing so would landmark a non-historic element of the Theatre while unduly restricting the family’s continued stewardship of the Castro Theatre as a well-preserved, vibrant, and active theater space serving the Castro.

We underscore that the current seats were installed in 2001 (as described in the Planning Department’s staff report) and that any assertion or conclusion that these seats are historically significant is not supported by evidence.

**Background on the Nasser Family Operation of the Castro Theatre**

The Nasser family prides itself on its track record of managing the Castro Theatre for over a century. For many years now, the family’s focus has been centered on preserving the Theatre’s superb architecture and interior design, while ensuring its doors remain open and welcoming to the neighborhood through thoughtfully programming the Theatre with more than just the traditional showing of films.

As reflected in the Planning Department’s case file, the Theatre not only shows films, but has for many years also hosted concerts, drag shows, sing-a-longs, and other events that keep the space as vibrant as possible, while generating the revenue needed to sustain the business and fund long-term capital maintenance and preservation projects. The Nasser family’s programming was

regular, well-managed, and beloved, resulting in multiple film screenings and other events per week. Supporting this range of programming has resulted in modifications of Theatre space, including replacement of the orchestra floor seats and an expansion of the stage in 2001.

In the years leading up to the family's leasing of the Castro Theatre to a third-party operator (Another Planet Entertainment), this balancing act proved more and more difficult, and the family found that, even with a program of near-daily screenings, the Theater experienced unsustainable losses, while the costs of needed capital maintenance and improvements grew significantly. Despite widespread admiration for the Theater's programming, any person who regularly attended screenings was confronted by the fact that the Theater consistently experienced low attendance.

For example, in the final three years that the family directly operated the Castro Theatre, the Theatre operated at a loss on at least 75% of the days when only films were shown. Specifically, in 2016, there were 149 days where the Theatre showed only films (that is, without doing so as part of an advertised festival or event or along with a concert or other live performance). Out of those 149 days, the Castro Theatre generated revenue covering daily operational costs on only 16 days. In 2017, the Castro Theatre showed only films on 143 days, while generating revenue covering daily operational costs on only 17 of those days. In 2018, the Castro Theatre showed only films on 177 days, while generating revenue covering daily operational costs on only 43 of those days.

Given the Theatre's financial instability, the list of capital projects needed to ensure the preservation of the building and continued viability of the Theatre grew without a clear source of funding. Specifically, the family identified approximately \$20 million dollars of necessary capital maintenance and improvement projects, including:

- improving the building with a modern HVAC system
- life-safety upgrades (fire alarms, egress improvements, electrical rewiring work)
- repairing and modernizing the building's marquee and blade sign
- restoring the main auditorium leatherette and motive

In light of these circumstances, the family has concluded that operation of the Castro Theatre primarily as a cinema is not sustainable and will only undermine the theater's viability.

### **Recent Efforts to Revitalize the Theatre**

In recognition of the critical importance of accommodating non-film events to provide a more dependable stream of revenue to keep the Castro Theatre in operation and well-maintained, the family has agreed with Another Planet Entertainment that it is appropriate to modify the orchestra floor of the Theatre (along with ancillary improvements to concessions and back-of-house support spaces), such that the Theatre can support both seated and standing events.

This adaptive modification to the Theatre would stop well short of overhauls at other landmarked and beloved theaters in the City and the East Bay, such as the New Mission, the Roxie, the Marina, and the Alameda, all of which were significantly modified to accommodate multiple screening rooms. Instead, the family's interest is in preserving what makes the large, single-

theater space so special, while modifying non-historic elements to better accommodate the Theatre's wide range of programming over the years.

As plans to carry out this scope of work have developed, the Nasser family has listened to various community stakeholders and nonprofits with an interest in leasing or purchasing the Theater. We understand that certain members of these nonprofits have asserted to the Nassers, other community stakeholders, and public officials that they have raised sufficient capital to rehabilitate and operate the theater. Notwithstanding these assertions, and more than a year passing since the lease to Another Planet Entertainment was announced, no nonprofit has actually shown the financial capacity to make the above capital improvements.

### **Continued Decline in Viability of Single-Screen Operations**

The past few years have continued to produce clear evidence that traditional operation of single-screen theaters is not viable. The Clay Theater closed its doors in 2020, even before the advent of the COVID-19 pandemic. In 2022 (a time when pandemic-era concerns about indoor movie viewing have receded towards what appears to be "new normal") the Castro Theatre hosted two, well-advertised film festivals, which, at least traditionally, would have been expected to attract large crowds due to advertising campaigns and more active word-of-mouth.

At the SF Silent Film Festival, which took place in early May 2022, the Theatre at no point exceeded even half of its seating capacity and averaged closer to 200 attendees per film in an approximately 1,400-seat space. For the week-long celebration of the Theatre's 100<sup>th</sup> anniversary in June 2022 (during which the Theatre screened classic blockbusters from the past century), attendance never exceeded 100 people for any film and averaged well below 50 attendees per film.

Simply put, there is no evidence-based reason to think the Castro Theatre can continue operations if not allowed to thoughtfully adapt its interior to accommodate events and live performances in addition to the screening of films. In fact, the evidence suggests that any landmarking of the exiting non-historic seats would deprive the Nasser family of any economically viable use of the building.

### **Moving Forward**

The Nasser family looks forward to continuing to work with Another Planet Entertainment, the City, and community stakeholders on the current proposal to renovate the Theatre in line with the scope of improvements described above (Planning Department Case File No. 2022-005675PRJ) and recognizes the important role the HPC will play in carefully reviewing that project. However, the family respectfully asserts that any decision to landmark the existence of fixed seating on the orchestra floor will put the continued viability of the Castro Theatre into severe jeopardy.

Sincerely,



Jim Abrams, Esq.