



SAN FRANCISCO PLANNING DEPARTMENT

Memo to the Planning Commission

Date: January 19, 2017
Case No.: **2014.0241E/X/CUA/VAR**
Project Address: **1028 Market Street**
Zoning: C-3-G (Downtown General) District
120-X Height and Bulk District
Downtown Plan Area
Block/Lot: 0350/002
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PURPOSE OF THIS MEMO

On January 12, 2017, a draft Motion for the Adoption of CEQA Findings was distributed as part of the case packet for Case No. 2014.0241E/X/CUA/VAR. Since that time, certain clarifications and formatting changes have been made in the draft Motion for the Adoption of CEQA Findings. Attached to this Memo are two copies of the revised draft Motion for the Adoption of CEQA Findings for Case No. 2014.0241E/X/CUA/VAR; these two copies reflect the same modifications:

- one copy includes the changes to the draft Motion in red-line format, and
- the other copy includes the accepted changes to the draft Motion for ease of review



SAN FRANCISCO PLANNING DEPARTMENT

Planning Commission **Draft Motion No. XXXXX** HEARING DATE: JANUARY 26, 2017

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Date: January ~~12~~19, 2017
Case No.: **2014.0241E/X/CUA/VAR**
Project Address: **1028 MARKET STREET**
Zoning: C-3-G (Downtown General) District
120-X Height and Bulk District
Downtown Plan Area
Block/Lot: 0350/002
Owner/Sponsor: LCL Global—1028 Market Street, LLC
25 Taylor Street, Floor 7
San Francisco, CA 94102
Attn: Craig Young
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ADOPTING ENVIRONMENTAL FINDINGS PURSUANT TO THE CALIFORNIA ENVIRONMENTAL QUALITY ACT, INCLUDING FINDINGS OF FACT, FINDINGS REGARDING SIGNIFICANT IMPACTS AND SIGNIFICANT AND UNAVOIDABLE IMPACTS, EVALUATION OF MITIGATION MEASURES AND ALTERNATIVES, AND A STATEMENT OF OVERRIDING CONSIDERATIONS RELATED TO APPROVALS FOR THE PROJECT, LOCATED AT 1028 MARKET STREET, TO DEMOLISH THE EXISTING TWO-STORY COMMERCIAL BUILDING AND CONSTRUCT A 13-STORY RESIDENTIAL BUILDING CONTAINING UP TO 186 RESIDENTIAL UNITS, 9,657 SQUARE FEET GROUND FLOOR RETAIL, AND BELOW-GRADE PARKING FOR 40 VEHICLES.

PREAMBLE

The Project Sponsor (LCL Global--1028 Market Street LLC) submitted an application for a project located at 1028 Market Street for a Determination of Compliance and Request for Exceptions under Planning Code Section 309, a Conditional Use Authorization under Planning Code Section 303, a Variance under Planning Code Section 307, and a Shadow Analysis under Planning Code Section 295 to demolish the existing building and construct a 13-story residential building containing up to 186 residential units, 9,657 square feet of ground floor retail, and one below-grade level with 40 vehicle parking spaces (including 2 Americans with Disabilities-accessible spaces and one Car-Share space) and two service/delivery loading spaces.

The Commission reviewed and considered the Final Environmental Impact Report (FEIR) for the Project and found the contents of said report and the procedures through which the FEIR was prepared, publicized and reviewed complied with the California Environmental Quality Act (Public Resources

Code section 21000 *et seq.*) (“CEQA”), the CEQA Guidelines (14 Cal. Code Reg. section 15000 *et seq.*), and Chapter 31 of the San Francisco Administrative Code.

The Commission found the FEIR was adequate, accurate and objective, reflected the independent analysis and judgment of the Department and the Planning Commission, and that the summary of comments and responses contained no significant revisions to the Draft EIR, and certified the Final EIR for the Project in compliance with CEQA, the CEQA Guidelines and Chapter 31 by its Motion No. XXXXX.

The Commission, in certifying the FEIR, found that the project described in the FEIR will have the following significant and unavoidable environmental impacts: (1) the demolition of the existing building located at 1028 Market Street will cause a substantial adverse change in the significance of historic architectural resources; and (2) the construction of a new building located at 1028 Market Street will cause a substantial adverse change in the significance of historic architectural resources.

The Planning Department, Office of the Commission Secretary, is the custodian of records for the Planning Department materials, located in the File for Case No. 2014.0241E/X/CUA/VAR, at 1650 Mission Street, Fourth Floor, San Francisco, California.

On January 26, 2017, the Commission conducted a duly noticed public hearing at a regularly scheduled meeting on Case No. 2014.0241E/X/CUA/VAR to consider the approval of the Project. The Commission has heard and considered the testimony presented to it at the public hearing and has further considered written materials and oral testimony presented on behalf of the Project, the Planning Department staff, expert consultants and other interested parties.

This Commission has reviewed the entire record of this proceeding, the Environmental Findings, attached to this Motion as Attachment A, regarding the alternatives, mitigation measures, environmental impacts analyzed in the FEIR and overriding considerations for approving the Project, and the proposed MMRP attached as Attachment B, which material was made available to the public.

MOVED, that the Planning Commission hereby adopts findings under the California Environmental Quality Act, including rejecting alternatives as infeasible and adopting a Statement of Overriding Considerations, and adopts the MMRP attached as Attachment B, based on the findings attached to this Motion as Attachment A as though fully set forth in this Motion, and based on substantial evidence in the entire record of this proceeding.

I hereby certify that the foregoing Motion was ADOPTED by the Planning Commission at its regular meeting of January 26, 2017.

Jonas Ionin
Commission Secretary

AYES:

NOES:

Draft Motion No. XXXXX
January 26, 2017

CASE NO 2014.0241E
1028 Market Street

ABSENT:

EXCUSED:

DATE: January 26, 2017

ACTION: Adoption of CEQA Findings

Attachment A

PREAMBLE

In determining to approve the project described in Section I, below, the ("Project"), the San Francisco Planning Commission (the "Commission") makes and adopts the following findings of fact and decisions regarding the Project description and objectives, significant impacts, significant and unavoidable impacts, mitigation measures and alternatives, and a statement of overriding considerations, based on substantial evidence in the whole record of this proceeding and pursuant to the California Environmental Quality Act, California Public Resources Code Section 21000 et seq. ("CEQA"), particularly Section 21081 and 21081.5, the Guidelines for Implementation of CEQA, 14 California Code of Regulations Section 15000 et seq. ("CEQA Guidelines"), Section 15091 through 15093, and Chapter 31 of the San Francisco Administrative Code ("Chapter 31"). The Commission adopts these findings in conjunction with the Approval Actions described in Section I(c), below, as required by CEQA.

These findings are organized as follows:

Section I provides a description of the proposed project at 1028 Market Street, the Project Objectives, the environmental review process for the Project, the City approval actions to be taken, and the location and custodian of the record.

Section II lists the Project's less-than-significant impacts that do not require mitigation.

Section III identifies potentially significant impacts that can be avoided or reduced to less-than-significant levels through mitigation and describes the disposition of the mitigation measures.

Section IV identifies significant project-specific impacts that would not be eliminated or reduced to a less-than-significant level and describes any applicable mitigation measures as well as the disposition of the mitigation measures. The Final EIR identified mitigation measures to address these impacts, but implementation of the mitigation measures will not reduce the impacts to a less than significant level.

Sections III and IV set forth findings as to the mitigation measures proposed in the Final EIR. (The Draft EIR and the Comments and Responses document together comprise the Final EIR, or "FEIR.") Attachment B to the Motion adopting these findings contains the Mitigation Monitoring and Reporting Program ("MMRP"), which provides a table setting forth each mitigation measure listed in the Final Environmental Impact Report that is required to reduce a significant adverse impact.

Section V identifies the project alternatives that were analyzed in the EIR and discusses the reasons for their rejection.

Section VI sets forth the Planning Commission's Statement of Overriding Considerations pursuant to CEQA Guidelines Section 15093.

The MMRP for the mitigation measures that have been proposed for adoption is attached with these findings as **Attachment B** to the Motion adopting these findings. The MMRP is required by CEQA Section 21081.6 and CEQA Guidelines Section 15091. Attachment B provides a table setting forth each mitigation measure listed in the FEIR that is required to reduce a significant adverse impact. Attachment B also specifies the agency responsible for implementation of each measure and establishes monitoring actions and a monitoring schedule. The full text of the mitigation measures is set forth in Attachment B.

These findings are based upon substantial evidence in the entire record before the Commission. The references set forth in these findings to certain pages or sections of the Draft Environmental Impact Report ("Draft EIR" or "DEIR") or the Responses to Comments ("RTC") document, which together comprise the Final EIR, are for ease of reference and are not intended to provide an exhaustive list of the evidence relied upon for these findings.

I. PROJECT DESCRIPTION AND PROCEDURAL BACKGROUND

A. Project Description

The 1028 Market Street project site is located mid-block on the north side of Market Street between Taylor and Jones streets in San Francisco's Downtown/Civic Center neighborhood. The project site block is bounded by Golden Gate Avenue to the north, Taylor Street to the east, Market Street to the south, and Jones Street to the west. The project site has two frontages – one on Market Street and one on Golden Gate Avenue – and shares its property lines with an adjacent surface parking lot/two-story commercial building to the west and a four-story mixed-use development to the east.

The project site is currently developed with a 33,310-gross-square-foot (gsf), two-story, 37-foot-tall commercial building over a partial basement. The existing building, known historically as the Golden Gate Building, was constructed in 1907 and is considered a historical resource as a contributing structure to the Market Street Theatre and Loft National Register Historic District (MSTL District), which is listed on the National Register of Historic Places, and a contributor to the Tenderloin Lesbian-Gay-Bisexual-Transgender-Queer (LGBTQ) Historic District, which has been determined to be eligible for listing on the California Register of Historical Resources (CRHR). The renovated storefront and ground-floor space along Market Street has been used as a temporary food pavilion for local vendors since October 2014.

The project sponsor, LCL Global-1028 Market Street LLC, proposes demolition of the 33,310-gsf Golden Gate Building and construction of a 13-story, 178,308-gsf mixed-use building with one below-grade basement level, in its place. The proposed building would have 148,119 gsf of residential uses with up to 186 residential units on the 2nd through 13th floors, 9,657 gsf of retail/restaurant uses at the ground floor, and 15,556 gsf of below-grade basement level space devoted to parking, service/delivery loading, circulation, bicycle storage, tenant storage, materials storage, and mechanical, electrical, and plumbing systems. The ground floor would also include the residential lobby, a mail room, a bicycle storage area, circulation spaces, and back of house functions, e.g., the residential and retail trash rooms. Approximately 7,457 square feet of common open space would be provided at the 2nd floor and on the rooftop. Private open space for 14 of the proposed 186 residential units would be provided on the 4th through 12th floors in the form of balconies and private terraces. The proposed project would include

improvements to the Golden Gate Avenue right-of-way, specifically a 6-foot extension of the existing 10-foot-wide sidewalk along the project site frontage.

The proposed project would provide 40 subsurface parking spaces, including two Americans with Disabilities Act (ADA)-accessible spaces and one car-share space; two service vehicle loading spaces; and 123 Class 1 and 22 Class 2 bicycle parking spaces. The main entrance to the residential portion of the proposed building would be through a lobby, via an entrance at the east end of the Market Street frontage. Pedestrian access to the residential units would also be available from Golden Gate Avenue. Four separate retail/restaurant spaces would be located on Market Street, with entrances to the west of the main residential entrance, and on Golden Gate Avenue, with an entrance at the northwest corner of the project site. Vehicular access to the below-grade parking garage would be via a 12-foot-wide curb cut, and driveway, on Golden Gate Avenue at the east end of the project site.

B. Project Objectives

The Project Sponsor has developed the following objectives for the proposed project:

- ▶ To redevelop a large, underutilized site with a range of dwelling units, ground-floor commercial and retail uses, and open space amenities.
- ▶ To create a mixed-use project consistent with C-3-G Zoning District controls and the objectives and policies of the *San Francisco General Plan's* Downtown Plan and its Housing, Urban Design, and Transportation Elements.
- ▶ To build a substantial number of residential units on the site to contribute to the *General Plan's* Housing Element goals, Association of Bay Area Governments' Regional Housing Needs Allocation for the City and County of San Francisco, and to respond to the City's current shortage of housing.
- ▶ To provide affordable dwelling units on site, pursuant to the City's Inclusionary Affordable Housing Program.
- ▶ To provide neighborhood services on the ground floor for residents and neighbors.
- ▶ To construct streetscape improvements and retail that serve neighborhood residents and workers, and enliven pedestrian activity on Market Street and Golden Gate Avenue.
- ▶ To provide open space that will enhance the quality of life for the project's residents both in the form of private balconies and shared open spaces on the roof and courtyards.
- ▶ To build a project that demonstrates exemplary commitment to the principles of environmental sustainability through its transportation planning, energy and water usage, materials selection, indoor environmental quality, and waste management.
- ▶ To construct a high-quality project that includes a sufficient number of residential units and amount of commercial space to make economically feasible the redevelopment of the site, produce a

reasonable return on investment for the project sponsor and its investors, attract investment capital and construction financing, and generate sufficient revenue to subsidize the project's planned below market rate units.

C. Project Approvals

The Project requires the following approvals:

- ▶ Findings of General Plan and Priority Policies consistency
- ▶ Downtown Project Authorization, with Exceptions to the following Planning Code standards:
 - Planning Code Section 134 for the required rear yard
 - Planning Code Section 148 for ground level wind currents
 - Planning Code Section 152.1 and 161 for off-street loading
 - Planning Code Section 155(r) for curb cut on Golden Gate Avenue
- ▶ Conditional Use Authorization to exempt the on-site affordable units from floor-area ratio
- ▶ Approval of Certificate of Transfer and Notice of Use of Transferable Development Rights to increase permitted FAR
- ▶ Variance from the Planning Code from the following Planning Code requirements:
 - Planning Code Section 136 for projections over the public right of way
 - Planning Code Section 140 for the required dwelling unit exposure

Actions by Other City Departments

- ▶ Demolition and new construction building permits (Department of Building Inspection)
- ▶ Approval of construction within the public right-of-way (e.g., on-street loading, curb cuts and sidewalk extensions) (San Francisco Department of Public Works and San Francisco Municipal Transportation Agency)
- ▶ Approval of project compliance with Stormwater Design Guidelines and Stormwater Control Plan (San Francisco Public Utilities Commission)
- ▶ Issuance of certification of registration for diesel backup generator (San Francisco Department of Public Health)
- ▶ Approval of an Enhanced Ventilation System (San Francisco Department of Public Health)

D. Environmental Review

The Project Sponsor submitted and Environmental Evaluation Application for the project on April 17, 2014. On February 17, 2016, the Planning Department published a Notice of Preparation/Initial Study ("NOP/IS"). Publication of the NOP/IS initiated a 30-day public review and comment period that began on February 18, 2016 and ended on March 18, 2016.

On September 21, 2016, the Department published a Draft EIR (“DEIR”) for public review (Case No, 2014.0241E). The DEIR was available for public comment until November 7, 2016. On October 27, 2016, the Planning Commission (“Commission”) conducted a duly noticed public hearing at a regularly scheduled meeting to solicit comments regarding the DEIR. Notices of availability of the DEIR and of the date and time of the public hearing were posted near the project site by the Project Sponsor on September 21, 2016 and in a newspaper of general circulation on September 21, 2016.

On September 21, 2016, copies of the DEIR were mailed or otherwise delivered to a list of persons requesting it, to those noted on the distribution list in the DEIR, to adjacent property owners, and to government agencies, the latter both directly and through the State Clearinghouse.

A Notice of Completion was filed with the State Secretary of Resources via the State Clearinghouse on September 21, 2016.

The Department prepared responses to comments on environmental issues received at the public hearing and in writing during the 45 day public review period for the DEIR, prepared revisions to the text of the DEIR in response to comments received or based on additional information that became available during the public review period, and corrected errors in the DEIR. This material was presented in a Responses to Comments document, published on January 11, 2017, distributed to the Commission and all parties who commented on the DEIR, and made available to others upon request at the Department.

A Final Environmental Impact Report (hereinafter “FEIR”) has been prepared by the Department, consisting of the DEIR, any consultations and comments received during the review process, any additional information that became available, and the Responses to Comments document all as required by law.

Project EIR files have been made available for review by the Commission and the public. These files are available for public review at the Department at 1650 Mission Street, Office of Commission Secretary, Suite 400, and are part of the record before the Commission.

On January 26, 2017, the Commission reviewed and considered the FEIR and found that the contents of said report and the procedures through which the FEIR was prepared, publicized, and reviewed comply with the provisions of CEQA, the CEQA Guidelines, and Chapter 31 of the San Francisco Administrative Code.

E. Content and Location of Record

The record upon which all findings and determinations related to the adoption of the proposed project are based include the following:

- The FEIR, and all documents referenced in or relied upon by the FEIR;
- All information (including written evidence and testimony) provided by City staff to the Planning Commission relating to the FEIR, the proposed approvals and entitlements, the Project, and the alternatives set forth in the FEIR;

- All information (including written evidence and testimony) presented to the Planning Commission by the environmental consultant and subconsultants who prepared the FEIR, or incorporated into reports presented to the Planning Commission;
- All information (including written evidence and testimony) presented to the City from other public agencies relating to the project or the FEIR;
- All applications, letters, testimony, and presentations presented to the City by the Project Sponsor and its consultants in connection with the project;
- All information (including written evidence and testimony) presented at any public hearing or workshop related to the project and the EIR;
- The MMRP; and,
- All other documents comprising the record pursuant to Public Resources Code Section 21167.6(e).

The public hearing transcript, a copy of all letters regarding the FEIR received during the public review period, the administrative record, and background documentation for the FEIR are located at the Planning Department, 1650 Mission Street, 4th Floor, San Francisco. The Planning Department, Office of the Commission Secretary, is the custodian of these documents and materials.

F. Findings about Environmental Impacts and Mitigation Measures

The following Sections II, III and IV set forth the Commission's findings about the FEIR's determinations regarding significant environmental impacts and the mitigation measures proposed to address them. These findings provide the written analysis and conclusions of the Commission regarding the environmental impacts of the Project and the mitigation measures included as part of the FEIR and adopted by the Commission as part of the Project. To avoid duplication and redundancy, and because the Commission agrees with, and hereby adopts, the conclusions in the FEIR, these findings will not repeat the analysis and conclusions in the FEIR but instead incorporate them by reference and rely upon them as substantial evidence supporting these findings.

In making these findings, the Commission has considered the opinions of staff and experts, other agencies, and members of the public. The Commission finds that (i) the determination of significance thresholds is a judgment decision within the discretion of the City and County of San Francisco; (ii) the significance thresholds used in the FEIR are supported by substantial evidence in the record, including the expert opinion of the FEIR preparers and City staff; and (iii) the significance thresholds used in the FEIR provide reasonable and appropriate means of assessing the significance of the adverse environmental effects of the Project. Thus, although, as a legal matter, the Commission is not bound by the significance determinations in the FEIR (see Public Resources Code, Section 21082.2, subdivision (e)), the Commission finds them persuasive and hereby adopts them as its own.

These findings do not attempt to describe the full analysis of each environmental impact contained in the FEIR. Instead, a full explanation of these environmental findings and conclusions can be found in the FEIR, and these findings hereby incorporate by reference the discussion and analysis in the FEIR supporting the determination regarding the project impact and mitigation measures designed to address those impacts. In making these findings, the Commission ratifies, adopts and incorporates in these findings the determinations and conclusions of the FEIR relating to environmental impacts and mitigation measures, except to the extent any such determinations and conclusions are specifically and expressly modified by these findings.

As set forth below, the Commission adopts and incorporates mitigation measures set forth in the FEIR, which are set forth in the attached MMRP, to reduce the significant and unavoidable impacts of the Project. The Commission intends to adopt the mitigation measures proposed in the FEIR. Accordingly, in the event a mitigation measure recommended in the FEIR has inadvertently been omitted in these findings or the MMRP, such mitigation measure is hereby adopted and incorporated in the findings below by reference. In addition, in the event the language describing a mitigation measure set forth in these findings or the MMRP fails to accurately reflect the mitigation measures in the FEIR due to a clerical error, the language of the policies and implementation measures as set forth in the FEIR shall control. The impact numbers and mitigation measure numbers used in these findings reflect the information contained in the FEIR.

In Sections II, III and IV below, the same findings are made for a category of environmental impacts and mitigation measures. Rather than repeat the identical finding to address each and every significant effect and mitigation measure, the initial finding obviates the need for such repetition because in no instance is the Commission rejecting the conclusions of the FEIR or the mitigation measures recommended in the FEIR for the Project.

These findings are based upon substantial evidence in the entire record before the Planning Commission. The references set forth in these findings to certain pages or sections of the EIR or Responses to Comments, which together comprise the Final EIR, are for ease of reference and are not intended to provide an exhaustive list of the evidence relied upon for these findings.

II. LESS-THAN-SIGNIFICANT IMPACTS

The NOP/IS and the FEIR find that implementation of the Project would result in less-than-significant impacts or less-than-significant impacts with mitigation in the following environmental topic areas: Land Use and Land Use Planning; Population and Housing; Transportation and Circulation; Cultural Resources (on Lesbian, Gay, Bisexual, Transgender, Queer cultural resources only); Noise; Air Quality (all subtopics but exposure of sensitive receptors); Greenhouse Gas Emissions; Wind and Shadow; Recreation; Utilities and Service Systems; Public Services; Biological Resources; Geology and Soils; Hydrology and Water Quality; Hazards and Hazardous Materials; Mineral and Energy Resources; and Agricultural and Forest Resources.

Note: Senate Bill (SB) 743 became effective on January 1, 2014. Among other things, SB 743 added §21099 to the Public Resources Code and eliminated the requirement to analyze aesthetics and parking impacts

for certain urban infill projects under CEQA. The proposed project meets the definition of a mixed-use residential project on an infill site within a transit priority area as specified by Public Resources Code §21099. Accordingly, the FEIR did not discuss the topic of Aesthetics, which can no longer be considered in determining the significance of the proposed project's physical environmental effects under CEQA. The FEIR nonetheless provided visual simulations for informational purposes. Similarly, the FEIR included a discussion of parking for informational purposes. This information, however, did not relate to the significance determinations in the FEIR.

III. FINDINGS OF SIGNIFICANT IMPACTS THAT CAN BE AVOIDED OR REDUCED TO A LESS-THAN-SIGNIFICANT LEVEL THROUGH MITIGATION AND THE DISPOSITION OF THE MITIGATION MEASURES

CEQA requires agencies to adopt mitigation measures that would avoid or substantially lessen a project's identified significant impacts or potential significant impacts if such measures are feasible. The findings in this section concern one potential impact identified in the FEIR that can be reduced with implementation of mitigation, which is potential construction-related vibration damage to the adjacent historic structure, the San Christina Building at 1000 Market Street. ~~This mitigation measure is included in the MMRP. A copy of the MMRP is included as Attachment B to the Motion adopting these findings.~~ Additionally, ~~t~~The Initial Study identified six significant impacts that can be reduced with implementation of mitigation, which generally relate to unknown archeological resources, human remains, and tribal resources, as well as air quality impacts.

The Project Sponsor has agreed to implement the ~~following~~ mitigation measures identified in the FEIR and Initial Study to address the following potential impacts ~~identified in the FEIR~~. As authorized by CEQA Section 21081 and CEQA Guidelines Section 15091, 15092, and 15093, based on substantial evidence in the whole record of this proceeding, the Planning Commission finds that, unless otherwise stated, the Project has been required to incorporate mitigation measures identified in the FEIR into the project to mitigate or to avoid significant or potentially significant environmental impacts. Except as otherwise noted, these mitigation measures will reduce or avoid the potentially significant impacts described in the FEIR, and the Commission finds that these mitigation measures are feasible to implement and are within the responsibility and jurisdiction of the City and County of San Francisco to implement or enforce.

Additionally, the required mitigation measures are fully enforceable and are included as conditions of approval in the Planning Commission's Planning Code Section 309 approval or will be enforced through inclusion as conditions of approval in any building permits issued for the Project by the San Francisco Department of Building Inspection. With the required mitigation measures, all potential project impacts, except for those associated with historic architectural resource impacts, would be avoided or reduced to a less-than-significant level (see Section IV, below). The Planning Commission finds that the mitigation measures presented in the MMRP are feasible and shall be adopted as conditions of project approval.

~~The following mitigation measures would be required to reduce impacts identified in the FEIR to a less-than-significant level:~~

The following significant impacts and mitigation measures were identified in the Initial Study:

Cultural and Paleontological Resources

Initial Study Impact CR-2: Construction activities for the proposed project would result in a substantial adverse change in the significance of as-yet unknown archeological resources, should such resources exist beneath the project site.

Mitigation Measure M-CR-2: Archaeological Testing Program

With implementation of Mitigation Measure M-CR-2, the Commission finds that, for the reasons set forth in the FEIR, this impact will be reduced to a less-than-significant level by ensuring that any buried or submerged archaeological resources are appropriately handled and documented.

~~Based on a reasonable presumption that archeological resources may be present within the project site, the following measures shall be undertaken to avoid any potentially significant adverse effect from the proposed project on buried or submerged historical resources. The project sponsor shall retain the services of an archaeological consultant from the rotational Department Qualified Archaeological Consultants List (QACL) maintained by the Planning Department archaeologist. The project sponsor shall contact the Department archaeologist to obtain the names and contact information for the next three archeological consultants on the QACL. The archeological consultant shall undertake an archeological testing program as specified herein. In addition, the consultant shall be available to conduct an archeological monitoring and/or data recovery program if required pursuant to this measure. The archeological consultant's work shall be conducted in accordance with this measure at the direction of the Environmental Review Officer (ERO). All plans and reports prepared by the consultant as specified herein shall be submitted first and directly to the ERO for review and comment, and shall be considered draft reports subject to revision until final approval by the ERO. Archeological monitoring and/or data recovery programs required by this measure could suspend construction of the project for up to a maximum of four weeks. At the direction of the ERO, the suspension of construction can be extended beyond four weeks only if such a suspension is the only feasible means to reduce to a less than significant level potential effects on a significant archeological resource as defined in CEQA Guidelines Sect. 15064.5 (a) and (c).~~

~~*Consultation with Descendant Communities.* On discovery of an archeological site associated with descendant Native Americans, the Overseas Chinese, or other potentially interested descendant group an appropriate representative of the descendant group and the ERO shall be contacted. The representative of the descendant group shall be given the opportunity to monitor archeological field investigations of the site and to offer recommendations to the ERO regarding appropriate archeological treatment of the site, of recovered data from the site, and, if applicable, any interpretative treatment of the associated archeological site. A copy of the Final Archaeological Resources Report shall be provided to the representative of the descendant group.~~

~~*Archeological Testing Program.* The archeological consultant shall prepare and submit to the ERO for review and approval an archeological testing plan (ATP). The archeological testing program shall be conducted in accordance with the approved ATP. The ATP shall identify the property types of the expected archeological resource(s) that potentially could be adversely affected by the proposed project,~~

~~the testing method to be used, and the locations recommended for testing. The purpose of the archeological testing program will be to determine to the extent possible the presence or absence of archeological resources and to identify and to evaluate whether any archeological resource encountered on the site constitutes an historical resource under CEQA.~~

~~At the completion of the archeological testing program, the archeological consultant shall submit a written report of the findings to the ERO. If based on the archeological testing program the archeological consultant finds that significant archeological resources may be present, the ERO in consultation with the archeological consultant shall determine if additional measures are warranted. Additional measures that may be undertaken include additional archeological testing, archeological monitoring, and/or an archeological data recovery program. No archeological data recovery shall be undertaken without the prior approval of the ERO or the Planning Department archeologist. If the ERO determines that a significant archeological resource is present and that the resource could be adversely affected by the proposed project, at the discretion of the project sponsor either:~~

- ~~A) The proposed project shall be re-designed so as to avoid any adverse effect on the significant archeological resource; or~~
- ~~B) A data recovery program shall be implemented, unless the ERO determines that the archeological resource is of greater interpretive than research significance and that interpretive use of the resource is feasible.~~

~~*Archeological Monitoring Program.* If the ERO in consultation with the archeological consultant determines that an archeological monitoring program shall be implemented the archeological monitoring program shall minimally include the following provisions:~~

- ~~• The archeological consultant, project sponsor, and ERO shall meet and consult on the scope of the AMP reasonably prior to any project related soils disturbing activities commencing. The ERO in consultation with the archeological consultant shall determine what project activities shall be archeologically monitored. In most cases, any soils-disturbing activities, such as demolition, foundation removal, excavation, grading, utilities installation, foundation work, driving of piles (foundation, shoring, etc.), site remediation, etc., shall require archeological monitoring because of the risk these activities pose to potential archaeological resources and to their depositional context;~~
- ~~• The archeological consultant shall advise all project contractors to be on the alert for evidence of the presence of the expected resource(s), of how to identify the evidence of the expected resource(s), and of the appropriate protocol in the event of apparent discovery of an archeological resource;~~
- ~~• The archeological monitor(s) shall be present on the project site according to a schedule agreed upon by the archeological consultant and the ERO until the ERO has, in consultation with project archeological consultant, determined that project construction activities could have no effects on significant archeological deposits;~~
- ~~• The archeological monitor shall record and be authorized to collect soil samples and artifactual/ecofactual material as warranted for analysis;~~

- ~~If an intact archeological deposit is encountered, all soils disturbing activities in the vicinity of the deposit shall cease. The archeological monitor shall be empowered to temporarily redirect demolition/excavation/pile driving/construction activities and equipment until the deposit is evaluated. If in the case of pile driving activity (foundation, shoring, etc.), the archeological monitor has cause to believe that the pile driving activity may affect an archeological resource, the pile driving activity shall be terminated until an appropriate evaluation of the resource has been made in consultation with the ERO. The archeological consultant shall immediately notify the ERO of the encountered archeological deposit. The archeological consultant shall make a reasonable effort to assess the identity, integrity, and significance of the encountered archeological deposit, and present the findings of this assessment to the ERO.~~

~~Whether or not significant archeological resources are encountered, the archeological consultant shall submit a written report of the findings of the monitoring program to the ERO.~~

~~*Archeological Data Recovery Program.* The archeological data recovery program shall be conducted in accord with an archeological data recovery plan (ADRP). The archeological consultant, project sponsor, and ERO shall meet and consult on the scope of the ADRP prior to preparation of a draft ADRP. The archeological consultant shall submit a draft ADRP to the ERO. The ADRP shall identify how the proposed data recovery program will preserve the significant information the archeological resource is expected to contain. That is, the ADRP will identify what scientific/historical research questions are applicable to the expected resource, what data classes the resource is expected to possess, and how the expected data classes would address the applicable research questions. Data recovery, in general, should be limited to the portions of the historical property that could be adversely affected by the proposed project. Destructive data recovery methods shall not be applied to portions of the archeological resources if nondestructive methods are practical.~~

~~The scope of the ADRP shall include the following elements:~~

- ~~*Field Methods and Procedures.* Descriptions of proposed field strategies, procedures, and operations.~~
- ~~*Cataloguing and Laboratory Analysis.* Description of selected cataloguing system and artifact analysis procedures.~~
- ~~*Discard and Deaccession Policy.* Description of and rationale for field and post field discard and deaccession policies.~~
- ~~*Interpretive Program.* Consideration of an on site/off site public interpretive program during the course of the archeological data recovery program.~~
- ~~*Security Measures.* Recommended security measures to protect the archeological resource from vandalism, looting, and non intentionally damaging activities.~~
- ~~*Final Report.* Description of proposed report format and distribution of results.~~
- ~~*Curation.* Description of the procedures and recommendations for the curation of any recovered data having potential research value, identification of appropriate curation facilities, and a summary of the accession policies of the curation facilities.~~

~~Human Remains and Associated or Unassociated Funerary Objects.~~ The treatment of human remains and of associated or unassociated funerary objects discovered during any soils disturbing activity shall comply with applicable State and Federal laws. This shall include immediate notification of the Coroner of the City and County of San Francisco and in the event of the Coroner's determination that the human remains are Native American remains, notification of the California State Native American Heritage Commission (NAHC) who shall appoint a Most Likely Descendant (MLD) (Pub. Res. Code Sec. 5097.98). The archeological consultant, project sponsor, ERO, and MLD shall have up to but not beyond six days of discovery to make all reasonable efforts to develop an agreement for the treatment of human remains and associated or unassociated funerary objects with appropriate dignity (CEQA Guidelines, Sec. 15064.5(d)). The agreement should take into consideration the appropriate excavation, removal, recordation, analysis, custodianship, curation, and final disposition of the human remains and associated or unassociated funerary objects. Nothing in existing State regulations or in this mitigation measure compels the project sponsor and the ERO to accept recommendations of an MLD. The archeological consultant shall retain possession of any Native American human remains and associated or unassociated burial objects until completion of any scientific analyses of the human remains or objects as specified in the treatment agreement if such an agreement has been made or, otherwise, as determined by the archeological consultant and the ERO.

~~Final Archeological Resources Report.~~ The archeological consultant shall submit a Draft Final Archeological Resources Report (FARR) to the ERO that evaluates the historical significance of any discovered archeological resource and describes the archeological and historical research methods employed in the archeological testing/monitoring/data recovery program(s) undertaken. Information that may put at risk any archeological resource shall be provided in a separate removable insert within the final report.

Once approved by the ERO, copies of the FARR shall be distributed as follows: California Archaeological Site Survey Northwest Information Center (NWIC) shall receive one (1) copy and the ERO shall receive a copy of the transmittal of the FARR to the NWIC. The Environmental Planning division of the Planning Department shall receive one bound, one unbound and one unlocked, searchable PDF copy on CD of the FARR along with copies of any formal site recordation forms (CA DPR 523-series) and/or documentation for nomination to the National Register of Historic Places/California Register of Historical Resources. In instances of high public interest in or the high interpretive value of the resource, the ERO may require a different final report content, format, and distribution than that presented above.

Initial Study Impact CR-3: Construction activities for the proposed project could result in the disturbance of human remains, including those interred outside of formal cemeteries, should such remains exist beneath the project site.

Mitigation Measure M-CR-2: Archeological Testing Program

With implementation of Mitigation Measure M-CR-2, the Commission finds that, for the reasons set forth in the FEIR, this impact is a less-than-significant level by ensuring that any human remains found at the site will be appropriately handled and documented.

Initial Study Impact CR-4: Construction activities for the proposed project could result in the disturbance of tribal resources, should such resources exist beneath the project site.

Mitigation Measure M-CR-2: Archeological Testing Program

With implementation of Mitigation Measure M-CR-2, the Commission finds that, for the reasons set forth in the FEIR, this impact will be reduced to a less-than-significant level by ensuring that any tribal resources discovered at the site will be appropriately handled and documented.

~~Mitigation Measure M-CR-4a: Vibration Monitoring and Management Plan~~

~~The project sponsor shall retain the services of a qualified structural engineer and preservation architect that meet the Secretary of the Interior's Historic Preservation Professional Qualification Standards to conduct a Pre-Construction Assessment of the adjacent San Christina Building at 1000 Market Street. Prior to any demolition or ground-disturbing activity, the Pre-Construction Assessment shall be prepared to establish a baseline, and shall contain written and/or photographic descriptions of the existing condition of the visible exteriors of the adjacent buildings and in interior locations upon permission of the owners of the adjacent properties. The Pre-Construction Assessment should determine specific locations to be monitored and include annotated drawings of the buildings to locate accessible digital photo locations and locations of survey markers and/or other monitoring devices (e.g., to measure vibrations). The Pre-Construction Assessment will be submitted to the Planning Department along with the Demolition and/or Site Permit Applications.~~

~~The structural engineer and/or preservation architect shall develop, and the project sponsor shall adopt, a vibration management and continuous monitoring plan to protect the adjacent 1000 Market Street building against damage caused by vibration or differential settlement caused by vibration during project construction activities. In this plan, the maximum vibration level not to be exceeded at each building shall be 0.2 inch/second, or a level determined by the site specific assessment made by the structural engineer and/or preservation architect for the project. The vibration management and monitoring plan should document the criteria used in establishing the maximum vibration level for the project. The vibration management and monitoring plan shall include pre-construction surveys and continuous vibration monitoring throughout the duration of the major structural project activities to ensure that vibration levels do not exceed the established standard. The vibration management and monitoring plan shall be submitted to Planning Department Preservation staff prior to issuance of Demolition or Site Permits.~~

~~Should vibration levels be observed in excess of the standard, or if damage to the building is observed, construction shall be halted and alternative techniques put in practice, to the extent feasible. The structural engineer and/or historic preservation consultant should conduct regular periodic inspections of digital photographs, survey markers, and/or other monitoring devices during ground-disturbing activity at the project site. The building shall be protected to prevent further damage and remediated to preconstruction conditions as shown in the Pre-Construction Assessment with the consent of the building owner. Any remedial repairs shall not require building upgrades to comply with current San Francisco Building Code standards.~~

~~Mitigation Measure M-CR-4b: Construction Best Practices for Historical Architectural Resources~~

~~The project sponsor shall incorporate into construction specifications for the proposed project a requirement that the construction contractor(s) use all feasible means to avoid damage to the 1000 Market~~

~~Street building, including, but not limited to, staging of equipment and materials as far as possible from historic buildings to limit damage; using techniques in demolition, excavation, shoring, and construction that create the minimum feasible vibration; maintaining a buffer zone when possible between heavy equipment and historic resource(s); enclosing construction scaffolding to avoid damage from falling objects or debris; and ensuring appropriate security to minimize risks of vandalism and fire. These construction specifications shall be submitted to the Planning Department along with the Demolition and Site Permit Applications.~~

Air Quality

~~**Initial Study Impact AQ-2: The proposed project's construction activities would generate toxic air contaminants, including diesel particulate matter, which would expose sensitive receptors to substantial pollutant concentrations.**~~

~~_____ *Mitigation Measure M-AQ-2: Construction Air Quality*~~

~~The project sponsor or the project sponsor's Contractor shall comply with the following~~

~~A. *Engine Requirements.*~~

- ~~1. All off road equipment greater than 25 horsepower (hp) and operating for more than 20 total hours over the entire duration of construction activities shall have engines that meet or exceed either USEPA or California ARB Tier 2 off road emission standards, and have been retrofitted with an ARB Level 3 Verified Diesel Emissions Control Strategy. Equipment with engines meeting Tier 4 Interim or Tier 4 Final off road emission standards automatically meet this requirement.~~
- ~~2. Where access to alternative sources of power are available, portable diesel engines shall be prohibited.~~
- ~~3. Diesel engines, whether for off road or on road equipment, shall not be left idling for more than two minutes, at any location, except as provided in exceptions to the applicable state regulations regarding idling for off road and on road equipment (e.g., traffic conditions, safe operating conditions). The Contractor shall post legible and visible signs in English, Spanish, and Chinese, in designated queuing areas and at the construction site to remind operators of the two minute idling limit.~~
- ~~4. The Contractor shall instruct construction workers and equipment operators on the maintenance and tuning of construction equipment, and require that such workers and operators properly maintain and tune equipment in accordance with manufacturer specifications.~~

~~B. *Waivers.*~~

- ~~1. The Planning Department's ERO or designee may waive the alternative source of power requirement of Subsection (A)(2) if an alternative source of power is limited or infeasible at the project site. If the ERO grants the waiver, the Contractor must submit~~

~~documentation that the equipment used for onsite power generation meets the requirements of Subsection (A)(1).~~

- ~~2. The ERO may waive the equipment requirements of Subsection (A)(1) if: a particular piece of off road equipment with an ARB Level 3 VDECS is technically not feasible; the equipment would not produce desired emissions reduction due to expected operating modes; installation of the equipment would create a safety hazard or impaired visibility for the operator; or, there is a compelling emergency need to use off road equipment that is not retrofitted with an ARB Level 3 VDECS. If the ERO grants the waiver, the Contractor must use the next cleanest piece of off road equipment, according to **Table 8** below.~~

Table 8: Off Road Equipment Compliance Step-down Schedule

Compliance Alternative	Engine Emission Standard	Emissions Control
1	Tier 2	ARB Level 2 VDECS
2	Tier 2	ARB Level 1 VDECS
3	Tier 2	Alternative Fuel*

~~How to use the table: If the ERO determines that the equipment requirements cannot be met, then the project sponsor would need to meet Compliance Alternative 1. If the ERO determines that the Contractor cannot supply off road equipment meeting Compliance Alternative 1, then the Contractor must meet Compliance Alternative 2. If the ERO determines that the Contractor cannot supply off road equipment meeting Compliance Alternative 2, then the Contractor must meet Compliance Alternative 3.~~

~~** Alternative fuels are not a VDECS.~~

- ~~C. *Construction Emissions Minimization Plan.* Before starting on site construction activities, the Contractor shall submit a Construction Emissions Minimization Plan (Plan) to the ERO for review and approval. The Plan shall state, in reasonable detail, how the Contractor will meet the requirements of Section A.~~

- ~~1. The Plan shall include estimates of the construction timeline by phase, with a description of each piece of off road equipment required for every construction phase. The description may include, but is not limited to: equipment type, equipment manufacturer, equipment identification number, engine model year, engine certification (Tier rating), horsepower, engine serial number, and expected fuel usage and hours of operation. For VDECS installed, the description may include: technology type, serial number, make, model, manufacturer, ARB verification number level, and installation date and hour meter reading on installation date. For off road equipment using alternative fuels, the description shall also specify the type of alternative fuel being used.~~
- ~~2. The ERO shall ensure that all applicable requirements of the Plan have been incorporated into the contract specifications. The Plan shall include a certification statement that the Contractor agrees to comply fully with the Plan.~~

~~3. The Contractor shall make the Plan available to the public for review on site during working hours. The Contractor shall post at the construction site a legible and visible sign summarizing the Plan. The sign shall also state that the public may ask to inspect the Plan for the project at any time during working hours and shall explain how to request to inspect the Plan. The Contractor shall post at least one copy of the sign in a visible location on each side of the construction site facing a public right of way.~~

~~D. *Monitoring.* After start of Construction Activities, the Contractor shall submit quarterly reports to the ERO documenting compliance with the Plan. After completion of construction activities and prior to receiving a final certificate of occupancy, the project sponsor shall submit to the ERO a final report summarizing construction activities, including the start and end dates and duration of each construction phase, and the specific information required in the Plan.~~

The Commission finds that, for the reasons set forth in the FEIR, implementing Mitigation Measure M-AQ-2 would reduce this impact to a less than significant level.

Initial Study Impact M-AQ-4: The proposed project would generate toxic air contaminants, including diesel particulate matter, exposing sensitive receptors to substantial air pollutant concentrations.

Mitigation Measure M-AQ-4: Best Available Control Technology for Diesel Generators

~~The project sponsor shall ensure that the backup diesel generator meets or exceeds one of the following emission standards for PM: (1) Tier 4 certified engine, or (2) Tier 2 or Tier 3 certified engine that is equipped with a California ARB Level 3 VDECS. A non-verified diesel emission control strategy may be used if the filter has the same PM reduction as the identical ARB-verified model and if the BAAQMD approves of its use. The project sponsor shall submit documentation of compliance with the BAAQMD New Source Review permitting process (Regulation 2, Rule 2, and Regulation 2, Rule 5) and the emission standard requirement of this mitigation measure to the Planning Department for review and approval prior to issuance of a permit for a backup diesel generator from any City agency.~~

The Commission finds that, for the reasons set forth in the FEIR, implementing Mitigation Measure M-AQ-4 would reduce this impact to a less than significant level.

Initial Study Impact C-AQ-1: C-AQ-1: The proposed project in combination with past, present, and reasonably foreseeable future development in the project area would contribute to cumulative air quality impacts.

Mitigation Measure M-AQ-2: Construction Air Quality

Mitigation Measure M-AQ-4: Best Available Control Technology for Diesel Generators

The Commission finds that, for the reasons set forth in the FEIR, implementing Mitigation Measures M-AQ-2 and M-AQ-4 would reduce this impact to a less than significant level.

The following significant impact and mitigation measure were identified in the FEIR:

FEIR Impact CR-4: Proposed demolition and construction activities on the project site could result in physical damage to the adjacent San Christina Building, an historical resource.

Mitigation Measure M-CR-4a: Vibration Monitoring and Management Plan

Mitigation Measure M-CR-4b: Construction Best Practices for Historical Architectural Resources

With implementation of Mitigation Measures M-CR-4a and M-CR-4b, the Commission finds that, for the reasons set forth in the FEIR, this impact will be reduced to a less-than-significant level by ensuring that demolition and construction activities on the project site do not result in physical damage to historical resources, including 1000 Market Street, the San Christina Building.

IV. SIGNIFICANT IMPACTS THAT CANNOT BE AVOIDED OR REDUCED TO A LESS-THAN-SIGNIFICANT LEVEL

Based on substantial evidence in the whole record of these proceedings, the Planning Commission finds that, where feasible, changes or alterations have been required, or incorporated into, the Proposed Project to reduce the significant environmental impacts identified in the FEIR. ~~that there are significant project-specific impacts that would not be eliminated or reduced to an insignificant level by the mitigation measures listed in the MMRP.~~

The FEIR identifies a significant and unavoidable impact on historic architectural resources related to the demolition of the building at 1028 Market Street and the construction of a new building located at 1028 Market Street. The Commission finds that the two mitigation measures identified in the FEIR and described below are appropriate, and that changes have been required in, or incorporated into, the Proposed Project, pursuant to Public Resources Code Section 21002 and CEQA Guidelines Section 15091, that may lessen, but do not avoid (i.e., reduce to less-than-significant levels), the significant historical resources impact associated with implementation of the Proposed Project, thus the effect of implementation of the Proposed Project remains significant and unavoidable. ~~Two mitigation measures listed in the MMRP would lessen that significant and unavoidable impact, but not eliminate or reduce it to an insignificant level.~~

CEQA requires agencies to adopt mitigation measures that would lessen a project's identified significant impacts if such measures are feasible. The findings in this section concern mitigation measures discussed in the FEIR and presented in the MMRP, included as Attachment B to the Motion adopting these findings. The FEIR includes mitigation measures that have been identified that would reduce the significant and unavoidable environmental impacts of the Project listed in this section. All of the mitigation measures set forth in the FEIR that are needed to reduce these significant and unavoidable environmental impacts are contained in the MMRP.

As authorized by CEQA Section 21081 and CEQA Guidelines Section 15091, 15092, and 15093, based on substantial evidence in the whole record of this proceeding, the Planning Commission finds that these mitigation measures are feasible to implement and are within the responsibility and jurisdiction of the City and County of San Francisco to implement or enforce.

Additionally, the required mitigation measures are fully enforceable and are included as conditions of approval in the Planning Commission's Planning Code Section 309 proceeding or will be enforced through inclusion as conditions of approval in any building permits issued for the Project by the San Francisco Department of Building Inspection. With the required mitigation measures, the significant and unavoidable impacts associated with historic architectural resource impacts would be reduced but not eliminated. The Planning Commission finds that the mitigation measures presented in the MMRP are feasible and shall be adopted as conditions of project approval.

~~The FEIR identifies mitigation measures to address the impacts on historic architectural resources, identified in the FEIR as:~~

FEIR Impact CR-1: The proposed demolition of the existing 1028 Market Street building would have a substantial adverse effect on the significance of the Market Street Theatre and Loft National Register Historic District.

 Mitigation Measure M-CR-1a: Documentation

~~Prior to the issuance of demolition or site permits, the project sponsor shall undertake Historic American Building Survey (HABS) documentation of the subject property, structures, objects, materials, and landscaping. The documentation shall be undertaken by a qualified professional who meets the standards for history, architectural history, or architecture (as appropriate), as set forth by the Secretary of the Interior's Professional Qualification Standards (36 CFR, Part 61). The documentation shall consist of the following:~~

- ~~• *Measured Drawings:* A set of measured drawings that depict the existing size, scale, and dimension of the subject property. The Planning Department Preservation staff will accept the original architectural drawings or an as-built set of architectural drawings (plan, section, elevation, etc.). The Planning Department Preservation staff will assist the consultant in determining the appropriate level of measured drawings;~~
- ~~• *HABS Level Photography:* Digital photographs of the interior and the exterior of subject property. Large format negatives are not required. The scope of the digital photographs shall be reviewed by Planning Department Preservation staff for concurrence, and all digital photography shall be conducted according to the latest National Park Service Standards. The photography shall be undertaken by a qualified professional with demonstrated experience in HABS photography; and~~
- ~~• *HABS Historical Report:* A written historical narrative and report, per HABS Historical Report Guidelines.~~

~~The professional shall prepare the documentation and submit it for review and approval by the Planning Department's Preservation Specialist prior to the issuance of demolition permits. The documentation shall be disseminated to the Planning Department, San Francisco Main Library History Room, Northwest Information Center California Historical Resource Information System, and San Francisco Architectural Heritage.~~

Mitigation Measure M-CR-1b: Interpretation

~~The project sponsor shall provide a permanent display of interpretive materials concerning the history and architectural features of the original 1028 Market Street building and its relationship with the Market Street Theatre and Loft National Register Historic District. Interpretation of the site's history and relationship with the District shall be supervised by an architectural historian or historian who meets the Secretary of the Interior's Professional Qualification Standards. The interpretative materials (which may include, but are not limited to, a display of photographs, news articles, memorabilia, and/or video) shall be placed in a prominent setting on the project site visible to pedestrians, such as a lobby or Market Street frontage.~~

~~A proposal describing the general parameters of the interpretive program shall be approved by the San Francisco Planning Department Preservation staff prior to issuance of a Site Permit. The content, media and other characteristics of such interpretive display shall be approved by the San Francisco Planning Department Preservation staff prior to issuance of a Temporary Certificate of Occupancy.~~

~~The Commission finds that, for the reasons set forth in the FEIR, although implementation of Mitigation Measures M-CR-1a and M-CR-1b would reduce the historical resources impact of demolition of the 1028 Market Street Building, this impact would nevertheless remain significant and unavoidable.~~

~~**FEIR Impact CR-2: The proposed new construction on the project site would have a substantial adverse effect on the significance of the Market Street Theatre and Loft National Register Historic District.**~~

~~The Commission finds that, for the reasons set forth in the FEIR, no feasible mitigation measures exist that would reduce the historical resources impact of new construction at the project site on the significance of the Market Street Theater and Loft National Register Historic District. thus this impact is significant and unavoidable.~~

V. EVALUATION OF PROJECT ALTERNATIVES

A. Alternatives Analyzed in the FEIR

This section describes the alternatives analyzed in the FEIR and the reasons for approving the proposed project and rejecting the alternatives as infeasible. CEQA mandates that an EIR evaluate a reasonable range of alternatives to the Project or the Project location that generally reduce or avoid potentially significant impacts of the Project. CEQA requires that every EIR also evaluate a "No Project" alternative. Alternatives provide a basis of comparison to the Project in terms of their significant impacts and their ability to meet project objectives. This comparative analysis is used to consider reasonable, potentially feasible options for minimizing environmental consequences of the Project.

The Planning Department considered a range of alternatives in Chapter 6 of the FEIR. The FEIR analyzed the No Project Alternative, the Full Preservation Alternative, the Partial Preservation Alternative, and the Compatible Design Alternative. Each alternative is discussed and analyzed in these findings, in addition to being analyzed in Chapter 6 of the FEIR. The Planning Commission certifies that it has independently

reviewed and considered the information on the alternatives provided in the FEIR and in the record. The FEIR reflects the Planning Commission's and the City's independent judgment as to the alternatives. The Planning Commission finds that the Project provides the best balance between satisfaction of Project objectives and mitigation of environmental impacts to the extent feasible, as described and analyzed in the FEIR, and adopts a statement of overriding considerations.

B. Reasons for Approving the Project

- To redevelop a large, underutilized site with a range of dwelling units, ground-floor commercial and retail uses, and open space amenities.
- To create a mixed-use project consistent with C-3-G Zoning District controls and the objectives and policies of the *San Francisco General Plan's* Downtown Plan and its Housing, Urban Design, and Transportation Elements.
- To build a substantial number of residential units on the site to contribute to the *General Plan's* Housing Element goals, Association of Bay Area Governments' Regional Housing Needs Allocation for the City and County of San Francisco, and to respond to the City's current shortage of housing.
- To provide affordable dwelling units on site, pursuant to the City's Inclusionary Affordable Housing Program.
- To provide neighborhood services on the ground floor for residents and neighbors.
- To construct streetscape improvements and retail that serve neighborhood residents and workers, and enliven pedestrian activity on Market Street and Golden Gate Avenue.
- To provide open space that will enhance the quality of life for the project's residents both in the form of private balconies and shared open spaces on the roof and courtyards.
- To build a project that demonstrates exemplary commitment to the principles of environmental sustainability through its transportation planning, energy and water usage, materials selection, indoor environmental quality, and waste management.
- To construct a high-quality project that includes a sufficient number of residential units and amount of commercial space to make economically feasible the redevelopment of the site, produce a reasonable return on investment for the project sponsor and its investors, attract investment capital and construction financing, and generate sufficient revenue to subsidize the project's planned below market rate units.

C. Evaluation of Project Alternatives

CEQA provides that alternatives analyzed in an EIR may be rejected if “specific economic, legal, social, technological, or other considerations, including provision of employment opportunities for highly trained workers, make infeasible . . . the project alternatives identified in the EIR.” (CEQA Guidelines § 15091(a)(3).) The Commission has reviewed each of the alternatives to the Project as described in the FEIR that would reduce or avoid the impacts of the Project and finds that there is substantial evidence of specific economic, legal, social, technological and other considerations that make these alternatives infeasible, for the reasons set forth below.

In making these determinations, the Planning Commission is aware that CEQA defines “feasibility” to mean “capable of being accomplished in a successful manner within a reasonable period of time, taking into account economic, environmental, social, legal, and technological factors.” The Commission is also aware that under CEQA case law the concept of “feasibility” encompasses (i) the question of whether a particular alternative promotes the underlying goals and objectives of a project, and (ii) the question of whether an alternative is “desirable” from a policy standpoint to the extent that desirability is based on a reasonable balancing of the relevant economic, environmental, social, legal, and technological factors.

1. No Project Alternative

Under the No Project Alternative, the existing conditions at the 1028 Market Street project site would not change. The existing two-story, 33,710-gsf commercial building on the project site would be retained in its current condition and would not be demolished.

Unlike the proposed project, under the No Project Alternative there would be no construction of a new, 13-story (plus one basement level), 120-foot-tall, 178,308-gsf mixed-use high-rise building containing 186 dwelling units, 9,657 gsf of retail/restaurant uses, 40 below-grade parking spaces, and 2 below-grade service vehicle loading spaces. The Golden Gate Avenue sidewalk along the project site frontage would not be extended by six feet; two new street trees would not be planted on Golden Gate Avenue; and a new 12-foot-wide curb cut on Golden Gate Avenue would not be constructed, as would occur with the proposed project.

The past uses of the existing building are identified in Chapter 2, Project Description, and included theater, retail, bar, and restaurant uses; it is unlikely that the existing building would be reoccupied given the current general condition of most of the building. The current temporary use of the ground floor as a food hall would not continue.

The No Project Alternative would not preclude potential future development of the project site with a range of land uses that are principally permitted at the project site; however, for the purposes of this analysis, it is assumed that under the No Project Alternative the existing building would remain vacant, with its current use as a temporary food hall being discontinued in late 2016 or early 2017.

The No Project Alternative would be inconsistent with a number of General Plan goals and policies, including but not limited to housing production; affordable housing production; locating new housing adjacent to public transit and jobs; elimination of blight; infill development; job creation; and others. It would also fail to serve any of the Project Objectives as described in the EIR.

For the foregoing reasons, the Planning Commission rejects the No Project Alternative as infeasible.

2. Full Preservation Alternative

The FEIR identified the Full Preservation Alternative as the environmentally superior alternative.

Under the Full Preservation Alternative, the existing two-story (plus partial basement), reinforced concrete building at 1028 Market Street would be retained and rehabilitated in conformance with the *Secretary of the Interior's Standards for the Treatment of Historic Properties* (Secretary's Standards). The majority of the existing building's façade, structural elements, and floor plates would be retained so as not to result in the *de facto* demolition of the existing structure as that term is defined in Article 10 of the Planning Code (Planning Code Section 1005(f)). An approximately 22,940-gsf, two-story vertical addition would be constructed atop the existing commercial building, and uses on the site would change from commercial to mixed use residential. The two-story, 20-foot-tall vertical addition would be set back 25 feet from the Market Street property line. The rehabilitated building with the vertical addition would be approximately 57 feet tall.

The rehabilitated 1028 Market Street building would be developed with ground floor retail/restaurant space along Market Street and Golden Gate Avenue, office uses at the 2nd floor, and a two-story residential addition (3rd and 4th floors). The Full Preservation Alternative's building program would have a total area of 53,006 gsf and would include 20 new residential units (166 fewer than under the proposed project). The project sponsor would meet its inclusionary housing obligation by providing the required number of below market rate units on site. Since fewer market rate units would be developed under this alternative than under the proposed project fewer affordable units would be provided as well. This alternative would have a total of 28,006 gsf of residential space, 10,000 gsf of ground floor retail/restaurant space, and 15,000 gsf of commercial space on the 2nd floor. In addition to the 10,000-gsf space for retail/restaurant uses, the ground floor of the rehabilitated building would include space for a residential lobby, a bicycle storage room, and back of house functions. Private open space would be provided in the form of private terraces on Market Street, and the balance of required open space would be provided as common open space on the rooftop of the proposed residential addition.

The Planning Commission rejects the Full Preservation Alternative as infeasible because it would fail to meet the Project Objectives for reasons including, but not limited to, the following:

- 1) The Full Preservation Alternative would include 166 fewer housing units than the proposed project. The redevelopment of an approximately 15,000 square foot site adjacent to San Francisco's downtown core with 20 units is not consistent with a number of General Plan policies and objectives relating to maximizing the production of new housing and locating new housing on under-utilized infill sites adjacent to various forms of public transit, or the project sponsor's objectives regarding this topic.
- 2) The Full Preservation Alternative would also involve a corresponding reduction in affordable units. The proposed project's affordability requirement is 25 units, which the proposed project sponsor intends to offer as rental units to families making 55% Area Median Income or lower.

The Full Preservation Alternative would have 3 affordable units. Thus, the Full Preservation Alternative would be inconsistent with several General Plan policies and objectives relating to maximizing the production of affordable housing, or the project sponsor's objectives regarding this topic.

- 3) The Full Preservation Alternative is also economically infeasible. Large development projects are capital-intensive and depend on obtaining financing from equity investors to cover a significant portion of the project's costs, and obtain a construction loan for the bulk of construction costs. Equity investors require a certain profit margin to finance development projects and must achieve established targets for their internal rate of return and return multiple on the investment. Because the Full Preservation Alternative would result in a project that includes less rentable or saleable floor area than the Project, and contains 166 fewer residential units, the total potential for generating revenue is lower while the construction cost per square foot is higher due to restoration efforts, lower economies of scale and the impact of fixed project costs associated with development. The reduced unit count would not generate a sufficient economic return to obtain financing and allow development of the proposed project and therefore would not be built.
- 4) The Full Preservation Alternative would result in fewer jobs. It would require fewer temporary construction jobs, which might not last for as long of a period of time as the proposed project. Also, because the building would be smaller than the proposed project, it would include fewer full-time building maintenance and engineering jobs.
- 5) The Full Preservation Alternative would create a project with fewer housing units in an area well-served by transit, services and shopping as well adjacent to employment opportunities which would then push demand for residential development to other sites in the City or the Bay Area. This would result in the Full Preservation Alternative not meeting the City's *Strategies to Address Greenhouse Gas Emissions* or CEQA and the BAAQMD requirements for a GHG reductions, by not maximizing housing development in an area with abundant local and region-serving transit options.
- 6) The Full Preservation Alternative's one-time impact fee obligations would be significantly lower than the proposed project. Therefore, it would result in less funds to support child care services, public schools, and transportation and infrastructure improvements. Its assessed value would also be lower than the proposed project, resulting in less property tax revenue to the City. The Full Preservation Alternative also could not include the proposed project's public art installation on the Market Street façade.

For the foregoing reasons, the Planning Commission rejects the Full Preservation Alternative as infeasible.

3. Partial Preservation Alternative

Under the Partial Preservation Alternative, the existing two-story (plus partial basement), reinforced concrete building at 1028 Market Street would be retained and rehabilitated in conformance with the

Secretary's Standards. The existing building's façade, structural elements, and floor plates would be retained so as not to result in the *de facto* demolition of the existing structure. An approximately 79,417-gsf, seven-story vertical addition would be constructed atop the existing building, and uses on the site would change from commercial to mixed use residential. The seven-story, 70-foot-tall addition would be constructed behind the existing Market Street façade and would be set back 10 feet from the Market Street property line at the 3rd floor. With the vertical addition, the rehabilitated building would be approximately 107 feet tall as measured from Market Street.

The vertical addition would be 20 feet shorter than the proposed project and, unlike the proposed project, it would include a 10-foot setback from the rehabilitated Market Street façade at the 3rd floor, a 3rd floor setback from the east property line at the property's southeast corner to preserve public views of the Golden Gate Theatre dome from the south side of Market Street, and an approximately 25-foot-by-90-foot setback at the northwestern corner of the property starting at the 2nd floor. These setbacks would rise to the full height of the proposed building at each of the elevations.

Under the Partial Preservation Alternative, the rehabilitated 1028 Market Street building would be developed with ground floor retail/restaurant space along Market Street and Golden Gate Avenue and residential uses on the 2nd through 9th floors. The Partial Preservation Alternative's building program would have a total area of 107,233 gsf and would include 112 new residential units (74 fewer than under the proposed project). It would have 14 residential units per floor from the 2nd through 9th floors with a total of 89 studio/one-bedroom units and 23 two/three-bedroom units. Private open space would be provided in the form of private terraces on Market Street, and common open space would be provided in the form of a roof terrace.

- 1) The Partial Preservation Alternative would limit the project to 112 dwelling units; whereas the proposed project would provide 186 units to the City's housing stock, a net loss of 74 units under the Partial Preservation Alternative. It would not maximize the production of new housing on under-utilized infill sites adjacent to various forms of public transit. It therefore would not meet to the same degree the proposed project's contributions to the *General Plan's* Housing Element goals, Association of Bay Area Governments' Regional Housing Needs Allocation for the City and County of San Francisco, and to respond to the City's current shortage of housing, or the project sponsor's objectives regarding this topic.
- 2) The proposed height would be 20 feet shorter than the established height limit at the site, and its density would be further reduced by the 10-foot set back starting at the 3rd floor. Therefore, the Partial Preservation Alternative does not meet General Plan policies and objectives relating to maximizing the potential of underutilized infill sites, or the project sponsor's objectives to redevelop the site with a mixed-use project consistent with the development potential allowed in the C-3-G Zoning District.
- 3) The Partial Preservation Alternative would also involve a corresponding reduction in affordable units. The proposed project's affordability requirement is 25 units, which the proposed project sponsor intends to offer as rental units to families making 55% Area Median Income or lower. The Partial Preservation Alternative would have 15 affordable units. Thus, the Partial

Preservation Alternative would be inconsistent with several General Plan policies and objectives relating to maximizing the production of affordable housing, particularly locating housing for all income levels in locations where households can easily rely on public transportation, walking, and bicycling for the majority of daily trips, although it would provide more affordable units than the Full Preservation Alternative. It would also not achieve to the same degree the project sponsor's objective to provide affordable dwelling units on site.

- 4) The Partial Preservation Alternative is also economically infeasible. Large development projects are capital-intensive and depend on obtaining financing from equity investors to cover a significant portion of the project's costs, and obtain a construction loan for the bulk of construction costs. Equity investors require a certain profit margin to finance development projects and must achieve established targets for their internal rate of return and return multiple on the investment. Because the Partial Preservation Alternative would result in a project that includes less rentable or saleable floor area than the Project, and contains 74 fewer residential units, the total potential for generating revenue is lower while the construction cost per square foot is higher due to restoration efforts, lower economies of scale and the impact of fixed project costs associated with development. The reduced unit count would not generate a sufficient economic return to obtain financing and allow development of the proposed project and therefore would not be built.
- 5) The Partial Preservation Alternative would create a project with fewer housing units in an area well-served by transit, services and shopping as well adjacent to employment opportunities which would then push demand for residential development to other sites in the City or the Bay Area. This would result in the Partial Preservation Alternative not meeting to the same degree the City's *Strategies to Address Greenhouse Gas Emissions* or CEQA and the BAAQMD requirements for a GHG reductions, by not maximizing housing development in an area with abundant local and region-serving transit options.
- 6) The Partial Preservation Alternative's one-time impact fee obligations would be lower than the proposed project. Therefore, it would result in less funds to support child care services, public schools, and transportation and infrastructure improvements. Its assessed value would also be lower than the proposed project, resulting in less property tax revenue to the City.

For the foregoing reasons, the Planning Commission rejects the Partial Preservation Alternative as infeasible.

4. Compatible Design Alternative

Under the Compatible Design Alternative, the existing building at 1028 Market Street (a contributing structure to the MSTL District and CRHR-eligible Tenderloin LGBTQ Historic District) would be demolished and an approximately 9-story, 122,543-gsf building with one below-grade parking level would be constructed in its place. The proposed building would be approximately 95 feet tall as measured at the centerline of the Market Street frontage (four stories and 32 feet shorter than the proposed project) and would be built to the property line.

The proposed building would be developed with ground floor retail/restaurant space along Market Street and Golden Gate Avenue and residential uses on the 2nd through 9th floors. The Compatible Design Alternative's building program would have a total area of 122,543 gsf and would include 112 new residential units (74 fewer than under the proposed project). Under the Compatible Design Alternative, the proposed building would have seven residential units at the 2nd floor and 15 residential units per floor from the 3rd through 9th floors with a total of 73 studio/one-bedroom units and 39 two/three-bedroom units. As with the proposed project, private open space would be provided in the form of terraces on Market Street, and common open space would be provided in the form of a rooftop terrace.

The Compatible Design Alternative would differ from the proposed project because it would be shorter, would be set back at the northwestern corner of the property (approximately 25 feet by 90 feet), and would be set back from the southeast corner of the property on the Market Street frontage. The proposed setback at the northwest corner would start at the 3rd floor and would rise to the full height of the building at the west and north (Golden Gate Avenue) elevations. The proposed setback at the southeast corner of the lot would start at the 2nd floor and would rise to the full height of the building along the south (Market Street) and east elevations. An approximately 760-sf courtyard would be developed at the 2nd floor in this setback area. The setback at the southeast corner of the property would preserve public views of the Golden Gate Theatre dome from Market Street.

- 1) The Compatible Design Alternative would involve demolition of the existing building at 1028 Market Street, which is a contributing structure to the MSTL District and the CRHR-eligible Tenderloin LGBTQ Historic District. Therefore, it would not involve retaining and rehabilitating the existing building. Therefore, although it would preserve public views of the Golden Gate Theatre dome from Market Street, it would be inconsistent with the *Secretary of the Interior's Standards for the Treatment of Historic Properties*.
- 2) The Compatible Design Alternative would limit the project to 112 dwelling units; whereas the proposed project would provide 186 units to the City's housing stock, a net loss of 74 units. It would not maximize the production of new housing on under-utilized infill sites adjacent to various forms of public transit. It therefore would not meet to the same degree the proposed project's contributions to the *General Plan's* Housing Element goals, Association of Bay Area Governments' Regional Housing Needs Allocation for the City and County of San Francisco, and to respond to the City's current shortage of housing, or the project sponsor's objectives regarding this topic.
- 3) The proposed height would be four stories and 32 feet shorter than the established height limit at the site. Therefore, the Compatible Design Alternative does not meet General Plan policies and objectives relating to maximizing the potential of underutilized infill sites, although it is more consistent with these policies and objectives than the Partial Preservation Alternative.
- 4) Like the Partial Preservation Alternative, the Compatible Design Alternative would involve a corresponding reduction in affordable units compared to the proposed project. The proposed project's affordability requirement is 25 units, which the proposed project sponsor intends to offer as rental units to families making 55% Area Median Income or lower. The Compatible

Design Alternative would have 15 affordable units. Thus, the Compatible Design Alternative would be inconsistent with several General Plan policies and objectives relating to maximizing the production of affordable housing, particularly locating housing for all income levels in locations where households can easily rely on public transportation, walking, and bicycling for the majority of daily trips. It would also not achieve to the same degree the project sponsor's objective to provide affordable dwelling units on site.

- 5) The Compatible Design Alternative is also economically infeasible. Large development projects are capital-intensive and depend on obtaining financing from equity investors to cover a significant portion of the project's costs, and obtain a construction loan for the bulk of construction costs. Equity investors require a certain profit margin to finance development projects and must achieve established targets for their internal rate of return and return multiple on the investment. Because the Compatible Design Alternative would result in a project that includes less rentable or saleable floor area than the Project, and contains 74 fewer residential units, the total potential for generating revenue is lower while the construction cost per square foot is higher due to restoration efforts, lower economies of scale and the impact of fixed project costs associated with development. The reduced unit count would not generate a sufficient economic return to obtain financing and allow development of the proposed project and therefore would not be built.
- 6) The Compatible Design Alternative would create a project with fewer housing units in an area well-served by transit, services and shopping as well adjacent to employment opportunities which would then push demand for residential development to other sites in the City or the Bay Area. This would result in the Compatible Design Alternative not meeting to the same degree the City's *Strategies to Address Greenhouse Gas Emissions* or CEQA and the BAAQMD requirements for a GHG reductions, by not maximizing housing development in an area with abundant local and region-serving transit options.
- 7) The Compatible Design Alternative's one-time impact fee obligations would be lower than the proposed project. Therefore, it would result in less funds to support child care services, public schools, and transportation and infrastructure improvements. Its assessed value would also be lower than the proposed project, resulting in less property tax revenue to the City.

5. Alternatives Considered But Rejected

Two alternatives were considered but rejected. The Full Preservation Alternative with Commercial Use Only was considered but rejected because the land use program does not include residential uses which is the project sponsor's primary project objective. The Off-Site Alternative was considered but rejected because the project sponsor does not have any site under its control that does not already have an application pending and has not indicated any plans to acquire such development rights in the near future. Additionally, an off-site alternative would not create high-density housing on this prominent site which is designated for high-density residential use due to its proximity to downtown and local and regional transit.

VI. STATEMENT OF OVERRIDING CONSIDERATIONS

The Planning Commission finds that, notwithstanding the imposition of all feasible mitigation measures and alternatives, significant impacts related to Historic Resources will remain significant and unavoidable. Pursuant to CEQA Section 21081 and CEQA Guidelines Section 15093, the Planning Commission hereby finds, after consideration of the Final EIR and the evidence in the record, that each of the specific overriding economic, legal, social, technological and other benefits of the Project as set forth below independently and collectively outweighs these significant and unavoidable impacts and is an overriding consideration warranting approval of the Project. Any one of the reasons for approval cited below is sufficient to justify approval of the Project. Thus, even if a court were to conclude that not every reason is supported by substantial evidence, the Commission will stand by its determination that each individual reason is sufficient. The substantial evidence supporting the various benefits can be found in the preceding findings, which are incorporated by reference into this Section, and in the documents found in the record, as defined in Section I.

On the basis of the above findings and the substantial evidence in the whole record of this proceeding, the Planning Commission specifically finds that there are significant benefits of the Project to support approval of the Project in spite of the unavoidable significant impacts, and therefore makes this Statement of Overriding Considerations. The Commission further finds that, as part of the process of obtaining Project approval, significant effects on the environment from implementation of the Project have been eliminated or substantially lessened where feasible. All mitigation and improvement measures proposed in the EIR and MMRP are adopted as part of the Approval Actions described in Section I, above.

Furthermore, the Commission has determined that any remaining significant effects on the environment found to be unavoidable are acceptable due to the following specific overriding economic, technical, legal, social and other considerations.

1. The Project promotes the policies and objectives of the General Plan by providing a range of residential unit types to serve a variety of needs. The Project will add up to 186 dwelling units with a varied unit mix: 70 studio units (38%), 26 junior one bedroom (14%), 21 one bedroom (11%), 57 two bedroom (31%), and 12 three bedroom (6%). It is consistent with the City's priority policy to increase housing stock whenever possible to address an identified shortage of housing in the City.
2. Of the Project's 186 units, 25 units will be on-site affordable units and offered for rent to households whose total income is below 55% of Area Median Income. Based on the Project's overall unit mix, the affordable unit mix would be 13 studios (studios/junior one bedrooms), 2 one bedroom, 8 two bedroom, and 2 three bedroom units. The Project's on-site units will be provided in accordance with the City's Affordable Inclusionary Housing Ordinance and will increase the City's supply of affordable housing. The Project includes affordable units within a market rate project, in furtherance of the City's policies supporting mixed-income projects in which private developers construct and maintain affordable housing units.

3. The Project supports the General Plan's policies and objectives relating to locating housing for all income levels where households can easily rely on public transportation, walking, and bicycling for the majority of daily trips. The Project site is located a few blocks from both the Civic Center and Powell BART and MUNI underground stations. It is within walking distance of the Financial District, SoMa, and Hayes Valley. A number of above-ground rail and bus lines are accessible on Market Street. Numerous bicycle routes are nearby, including along Market Street, Golden Gate Avenue, McAllister Street, and 7th and 8th Streets.

4. The Project meets the City's Strategies to Address Greenhouse Gas Emissions and the BAAQMD requirements for GHG reductions by maximizing development on an infill site that is well served by transit, services and shopping and is suited for dense residential development, is adjacent to employment opportunities in an area with many local and regional-serving transit options, and where residents can commute and satisfy convenience needs without frequent use of private automobiles. The Project Sponsor also intends to seek a LEED Silver or equivalent certification from the U.S. Green Building Council.

~~4.~~

5. The Project would promote the objectives and policies of the General Plan by replacing a largely vacant and underutilized commercial building with a dense, mixed-use residential building that is in-keeping with established and planned scale, massing, and density in the immediate vicinity. ~~The Project will add 9,657 square feet of retail and restaurant uses, proposed to be divided into four spaces between 1,116 and 2,984 square feet in size, with three fronting Market Street and one fronting Golden Gate Avenue. The Project will activate both sides of the site with retail, continuing the pattern of active ground floor retail along Market Street and adding a retail space on Golden Gate Avenue.~~ It will result in street improvements along both Market Street and Golden Gate Avenue, enhancing the pedestrian realm and improving neighborhood safety. The Project will enhance the attractiveness of the site in a prominent location in the City along Market Street, ~~and will bring the site into conformity with principles of good urban design being designed to be of good urban design, consistent with the City's Urban Design Element.~~

~~5.~~

~~6. The Project will add 9,657 square feet of retail and restaurant uses, proposed to be divided into four spaces between 1,116 and 2,984 square feet in size, with three fronting Market Street and one fronting Golden Gate Avenue. The Project will activate both sides of the site with retail, continuing the pattern of active ground floor retail along Market Street and adding a retail space on Golden Gate Avenue.~~

~~7. The Project will result in a development that is in-keeping with established and planned scale, massing, and density in the immediate vicinity.~~

~~8. The Project sponsor intends to seek a LEED Silver or equivalent certification from the U.S. Green Building Council.~~

~~9.6.~~ The Project will create jobs. Approximately 213 ~~temporary~~ construction jobs are expected, and the Project sponsor is proposing to use a union signatory general contractor. The retail component is estimated to generate approximately 20 new end-use jobs, and the future building's operation and maintenance will create approximately 5 jobs.

~~10.~~ ~~The Project will pay one time impact fees to support child care services, public schools, and transportation and infrastructure improvements. The Project sponsor intends to provide public art on site on its Market Street facade where it will be immediately visible to pedestrians on both sides of the street, instead of inside a residential lobby where it would be enjoyed primarily by building residents and guests.~~

~~11.~~ ~~The Conditions of Approval for the Project include all the mitigation and improvement measures that would mitigate the Project's potentially significant impacts to insignificant levels, except for its impact on Historic Architectural Resources.~~

~~12.~~ ~~The Project will substantially increase the assessed value of the site, resulting in a corresponding increase in recurring tax revenue to the City.~~

Having considered the above, the Planning Commission finds that the benefits of the Project outweigh the unavoidable adverse environmental effects identified in the Final EIR, and that those adverse environmental effects ~~impacts~~ are therefore acceptable.



SAN FRANCISCO PLANNING DEPARTMENT

Planning Commission Draft Motion No. XXXXX

HEARING DATE: JANUARY 26, 2017

Date: January 19, 2017
Case No.: **2014.0241E/X/CUA/VAR**
Project Address: **1028 MARKET STREET**
Zoning: C-3-G (Downtown General) District
120-X Height and Bulk District
Downtown Plan Area
Block/Lot: 0350/002
Owner/Sponsor: LCL Global—1028 Market Street, LLC
25 Taylor Street, Floor 7
San Francisco, CA 94102
Attn: Craig Young
Staff Contact: Marcelle Boudreaux - (415) 575-9140
Marcelle.boudreaux@sfgov.org

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ADOPTING ENVIRONMENTAL FINDINGS PURSUANT TO THE CALIFORNIA ENVIRONMENTAL QUALITY ACT, INCLUDING FINDINGS OF FACT, FINDINGS REGARDING SIGNIFICANT IMPACTS AND SIGNIFICANT AND UNAVOIDABLE IMPACTS, EVALUATION OF MITIGATION MEASURES AND ALTERNATIVES, AND A STATEMENT OF OVERRIDING CONSIDERATIONS RELATED TO APPROVALS FOR THE PROJECT, LOCATED AT 1028 MARKET STREET, TO DEMOLISH THE EXISTING TWO-STORY COMMERCIAL BUILDING AND CONSTRUCT A 13-STORY RESIDENTIAL BUILDING CONTAINING UP TO 186 RESIDENTIAL UNITS, 9,657 SQUARE FEET GROUND FLOOR RETAIL, AND BELOW-GRADE PARKING FOR 40 VEHICLES.

PREAMBLE

The Project Sponsor (LCL Global--1028 Market Street LLC) submitted an application for a project located at 1028 Market Street for a Determination of Compliance and Request for Exceptions under Planning Code Section 309, a Conditional Use Authorization under Planning Code Section 303, a Variance under Planning Code Section 307, and a Shadow Analysis under Planning Code Section 295 to demolish the existing building and construct a 13-story residential building containing up to 186 residential units, 9,657 square feet of ground floor retail, and one below-grade level with 40 vehicle parking spaces (including 2 Americans with Disabilities-accessible spaces and one Car-Share space) and two service/delivery loading spaces.

The Commission reviewed and considered the Final Environmental Impact Report (FEIR) for the Project and found the contents of said report and the procedures through which the FEIR was prepared, publicized and reviewed complied with the California Environmental Quality Act (Public Resources

Code section 21000 *et seq.*) (“CEQA”), the CEQA Guidelines (14 Cal. Code Reg. section 15000 *et seq.*), and Chapter 31 of the San Francisco Administrative Code.

The Commission found the FEIR was adequate, accurate and objective, reflected the independent analysis and judgment of the Department and the Planning Commission, and that the summary of comments and responses contained no significant revisions to the Draft EIR, and certified the Final EIR for the Project in compliance with CEQA, the CEQA Guidelines and Chapter 31 by its Motion No. XXXXX.

The Commission, in certifying the FEIR, found that the project described in the FEIR will have the following significant and unavoidable environmental impacts: (1) the demolition of the existing building located at 1028 Market Street will cause a substantial adverse change in the significance of historic architectural resources; and (2) the construction of a new building located at 1028 Market Street will cause a substantial adverse change in the significance of historic architectural resources.

The Planning Department, Office of the Commission Secretary, is the custodian of records for the Planning Department materials, located in the File for Case No. 2014.0241E/X/CUA/VAR, at 1650 Mission Street, Fourth Floor, San Francisco, California.

On January 26, 2017, the Commission conducted a duly noticed public hearing at a regularly scheduled meeting on Case No. 2014.0241E/X/CUA/VAR to consider the approval of the Project. The Commission has heard and considered the testimony presented to it at the public hearing and has further considered written materials and oral testimony presented on behalf of the Project, the Planning Department staff, expert consultants and other interested parties.

This Commission has reviewed the entire record of this proceeding, the Environmental Findings, attached to this Motion as Attachment A, regarding the alternatives, mitigation measures, environmental impacts analyzed in the FEIR and overriding considerations for approving the Project, and the proposed MMRP attached as Attachment B, which material was made available to the public.

MOVED, that the Planning Commission hereby adopts findings under the California Environmental Quality Act, including rejecting alternatives as infeasible and adopting a Statement of Overriding Considerations, and adopts the MMRP attached as Attachment B, based on the findings attached to this Motion as Attachment A as though fully set forth in this Motion, and based on substantial evidence in the entire record of this proceeding.

I hereby certify that the foregoing Motion was ADOPTED by the Planning Commission at its regular meeting of January 26, 2017.

Jonas Ionin
Commission Secretary

AYES:

NOES:

Draft Motion No. XXXXX
January 26, 2017

CASE NO 2014.0241E
1028 Market Street

ABSENT:

EXCUSED:

DATE: January 26, 2017

ACTION: Adoption of CEQA Findings

Attachment A

PREAMBLE

In determining to approve the project described in Section I, below, the ("Project"), the San Francisco Planning Commission (the "Commission") makes and adopts the following findings of fact and decisions regarding the Project description and objectives, significant impacts, significant and unavoidable impacts, mitigation measures and alternatives, and a statement of overriding considerations, based on substantial evidence in the whole record of this proceeding and pursuant to the California Environmental Quality Act, California Public Resources Code Section 21000 et seq. ("CEQA"), particularly Section 21081 and 21081.5, the Guidelines for Implementation of CEQA, 14 California Code of Regulations Section 15000 et seq. ("CEQA Guidelines"), Section 15091 through 15093, and Chapter 31 of the San Francisco Administrative Code ("Chapter 31"). The Commission adopts these findings in conjunction with the Approval Actions described in Section I(c), below, as required by CEQA.

These findings are organized as follows:

Section I provides a description of the proposed project at 1028 Market Street, the Project Objectives, the environmental review process for the Project, the City approval actions to be taken, and the location and custodian of the record.

Section II lists the Project's less-than-significant impacts that do not require mitigation.

Section III identifies potentially significant impacts that can be avoided or reduced to less-than-significant levels through mitigation and describes the disposition of the mitigation measures.

Section IV identifies significant project-specific impacts that would not be eliminated or reduced to a less-than-significant level and describes any applicable mitigation measures as well as the disposition of the mitigation measures. The Final EIR identified mitigation measures to address these impacts, but implementation of the mitigation measures will not reduce the impacts to a less than significant level.

Sections III and IV set forth findings as to the mitigation measures proposed in the Final EIR. (The Draft EIR and the Comments and Responses document together comprise the Final EIR, or "FEIR.") Attachment B to the Motion adopting these findings contains the Mitigation Monitoring and Reporting Program ("MMRP"), which provides a table setting forth each mitigation measure listed in the Final Environmental Impact Report that is required to reduce a significant adverse impact.

Section V identifies the project alternatives that were analyzed in the EIR and discusses the reasons for their rejection.

Section VI sets forth the Planning Commission's Statement of Overriding Considerations pursuant to CEQA Guidelines Section 15093.

The MMRP for the mitigation measures that have been proposed for adoption is attached with these findings as **Attachment B** to the Motion adopting these findings. The MMRP is required by CEQA Section 21081.6 and CEQA Guidelines Section 15091. Attachment B provides a table setting forth each mitigation measure listed in the FEIR that is required to reduce a significant adverse impact. Attachment B also specifies the agency responsible for implementation of each measure and establishes monitoring actions and a monitoring schedule. The full text of the mitigation measures is set forth in Attachment B.

These findings are based upon substantial evidence in the entire record before the Commission. The references set forth in these findings to certain pages or sections of the Draft Environmental Impact Report ("Draft EIR" or "DEIR") or the Responses to Comments ("RTC") document, which together comprise the Final EIR, are for ease of reference and are not intended to provide an exhaustive list of the evidence relied upon for these findings.

I. PROJECT DESCRIPTION AND PROCEDURAL BACKGROUND

A. Project Description

The 1028 Market Street project site is located mid-block on the north side of Market Street between Taylor and Jones streets in San Francisco's Downtown/Civic Center neighborhood. The project site block is bounded by Golden Gate Avenue to the north, Taylor Street to the east, Market Street to the south, and Jones Street to the west. The project site has two frontages – one on Market Street and one on Golden Gate Avenue – and shares its property lines with an adjacent surface parking lot/two-story commercial building to the west and a four-story mixed-use development to the east.

The project site is currently developed with a 33,310-gross-square-foot (gsf), two-story, 37-foot-tall commercial building over a partial basement. The existing building, known historically as the Golden Gate Building, was constructed in 1907 and is considered a historical resource as a contributing structure to the Market Street Theatre and Loft National Register Historic District (MSTL District), which is listed on the National Register of Historic Places, and a contributor to the Tenderloin Lesbian-Gay-Bisexual-Transgender-Queer (LGBTQ) Historic District, which has been determined to be eligible for listing on the California Register of Historical Resources (CRHR). The renovated storefront and ground-floor space along Market Street has been used as a temporary food pavilion for local vendors since October 2014.

The project sponsor, LCL Global-1028 Market Street LLC, proposes demolition of the 33,310-gsf Golden Gate Building and construction of a 13-story, 178,308-gsf mixed-use building with one below-grade basement level, in its place. The proposed building would have 148,119 gsf of residential uses with up to 186 residential units on the 2nd through 13th floors, 9,657 gsf of retail/restaurant uses at the ground floor, and 15,556 gsf of below-grade basement level space devoted to parking, service/delivery loading, circulation, bicycle storage, tenant storage, materials storage, and mechanical, electrical, and plumbing systems. The ground floor would also include the residential lobby, a mail room, a bicycle storage area, circulation spaces, and back of house functions, e.g., the residential and retail trash rooms. Approximately 7,457 square feet of common open space would be provided at the 2nd floor and on the rooftop. Private open space for 14 of the proposed 186 residential units would be provided on the 4th through 12th floors in the form of balconies and private terraces. The proposed project would include

improvements to the Golden Gate Avenue right-of-way, specifically a 6-foot extension of the existing 10-foot-wide sidewalk along the project site frontage.

The proposed project would provide 40 subsurface parking spaces, including two Americans with Disabilities Act (ADA)-accessible spaces and one car-share space; two service vehicle loading spaces; and 123 Class 1 and 22 Class 2 bicycle parking spaces. The main entrance to the residential portion of the proposed building would be through a lobby, via an entrance at the east end of the Market Street frontage. Pedestrian access to the residential units would also be available from Golden Gate Avenue. Four separate retail/restaurant spaces would be located on Market Street, with entrances to the west of the main residential entrance, and on Golden Gate Avenue, with an entrance at the northwest corner of the project site. Vehicular access to the below-grade parking garage would be via a 12-foot-wide curb cut, and driveway, on Golden Gate Avenue at the east end of the project site.

B. Project Objectives

The Project Sponsor has developed the following objectives for the proposed project:

- ▶ To redevelop a large, underutilized site with a range of dwelling units, ground-floor commercial and retail uses, and open space amenities.
- ▶ To create a mixed-use project consistent with C-3-G Zoning District controls and the objectives and policies of the *San Francisco General Plan's* Downtown Plan and its Housing, Urban Design, and Transportation Elements.
- ▶ To build a substantial number of residential units on the site to contribute to the *General Plan's* Housing Element goals, Association of Bay Area Governments' Regional Housing Needs Allocation for the City and County of San Francisco, and to respond to the City's current shortage of housing.
- ▶ To provide affordable dwelling units on site, pursuant to the City's Inclusionary Affordable Housing Program.
- ▶ To provide neighborhood services on the ground floor for residents and neighbors.
- ▶ To construct streetscape improvements and retail that serve neighborhood residents and workers, and enliven pedestrian activity on Market Street and Golden Gate Avenue.
- ▶ To provide open space that will enhance the quality of life for the project's residents both in the form of private balconies and shared open spaces on the roof and courtyards.
- ▶ To build a project that demonstrates exemplary commitment to the principles of environmental sustainability through its transportation planning, energy and water usage, materials selection, indoor environmental quality, and waste management.
- ▶ To construct a high-quality project that includes a sufficient number of residential units and amount of commercial space to make economically feasible the redevelopment of the site, produce a

reasonable return on investment for the project sponsor and its investors, attract investment capital and construction financing, and generate sufficient revenue to subsidize the project's planned below market rate units.

C. Project Approvals

The Project requires the following approvals:

- ▶ Findings of General Plan and Priority Policies consistency
- ▶ Downtown Project Authorization, with Exceptions to the following Planning Code standards:
 - Planning Code Section 134 for the required rear yard
 - Planning Code Section 148 for ground level wind currents
 - Planning Code Section 152.1 and 161 for off-street loading
 - Planning Code Section 155(r) for curb cut on Golden Gate Avenue
- ▶ Conditional Use Authorization to exempt the on-site affordable units from floor-area ratio
- ▶ Approval of Certificate of Transfer and Notice of Use of Transferable Development Rights to increase permitted FAR
- ▶ Variance from the Planning Code from the following Planning Code requirements:
 - Planning Code Section 136 for projections over the public right of way
 - Planning Code Section 140 for the required dwelling unit exposure

Actions by Other City Departments

- ▶ Demolition and new construction building permits (Department of Building Inspection)
- ▶ Approval of construction within the public right-of-way (e.g., on-street loading, curb cuts and sidewalk extensions) (San Francisco Department of Public Works and San Francisco Municipal Transportation Agency)
- ▶ Approval of project compliance with Stormwater Design Guidelines and Stormwater Control Plan (San Francisco Public Utilities Commission)
- ▶ Issuance of certification of registration for diesel backup generator (San Francisco Department of Public Health)
- ▶ Approval of an Enhanced Ventilation System (San Francisco Department of Public Health)

D. Environmental Review

The Project Sponsor submitted and Environmental Evaluation Application for the project on April 17, 2014. On February 17, 2016, the Planning Department published a Notice of Preparation/Initial Study ("NOP/IS"). Publication of the NOP/IS initiated a 30-day public review and comment period that began on February 18, 2016 and ended on March 18, 2016.

On September 21, 2016, the Department published a Draft EIR (“DEIR”) for public review (Case No, 2014.0241E). The DEIR was available for public comment until November 7, 2016. On October 27, 2016, the Planning Commission (“Commission”) conducted a duly noticed public hearing at a regularly scheduled meeting to solicit comments regarding the DEIR. Notices of availability of the DEIR and of the date and time of the public hearing were posted near the project site by the Project Sponsor on September 21, 2016 and in a newspaper of general circulation on September 21, 2016.

On September 21, 2016, copies of the DEIR were mailed or otherwise delivered to a list of persons requesting it, to those noted on the distribution list in the DEIR, to adjacent property owners, and to government agencies, the latter both directly and through the State Clearinghouse.

A Notice of Completion was filed with the State Secretary of Resources via the State Clearinghouse on September 21, 2016.

The Department prepared responses to comments on environmental issues received at the public hearing and in writing during the 45 day public review period for the DEIR, prepared revisions to the text of the DEIR in response to comments received or based on additional information that became available during the public review period, and corrected errors in the DEIR. This material was presented in a Responses to Comments document, published on January 11, 2017, distributed to the Commission and all parties who commented on the DEIR, and made available to others upon request at the Department.

A Final Environmental Impact Report (hereinafter “FEIR”) has been prepared by the Department, consisting of the DEIR, any consultations and comments received during the review process, any additional information that became available, and the Responses to Comments document all as required by law.

Project EIR files have been made available for review by the Commission and the public. These files are available for public review at the Department at 1650 Mission Street, Office of Commission Secretary, Suite 400, and are part of the record before the Commission.

On January 26, 2017, the Commission reviewed and considered the FEIR and found that the contents of said report and the procedures through which the FEIR was prepared, publicized, and reviewed comply with the provisions of CEQA, the CEQA Guidelines, and Chapter 31 of the San Francisco Administrative Code.

E. Content and Location of Record

The record upon which all findings and determinations related to the adoption of the proposed project are based include the following:

- The FEIR, and all documents referenced in or relied upon by the FEIR;
- All information (including written evidence and testimony) provided by City staff to the Planning Commission relating to the FEIR, the proposed approvals and entitlements, the Project, and the alternatives set forth in the FEIR;

- All information (including written evidence and testimony) presented to the Planning Commission by the environmental consultant and subconsultants who prepared the FEIR, or incorporated into reports presented to the Planning Commission;
- All information (including written evidence and testimony) presented to the City from other public agencies relating to the project or the FEIR;
- All applications, letters, testimony, and presentations presented to the City by the Project Sponsor and its consultants in connection with the project;
- All information (including written evidence and testimony) presented at any public hearing or workshop related to the project and the EIR;
- The MMRP; and,
- All other documents comprising the record pursuant to Public Resources Code Section 21167.6(e).

The public hearing transcript, a copy of all letters regarding the FEIR received during the public review period, the administrative record, and background documentation for the FEIR are located at the Planning Department, 1650 Mission Street, 4th Floor, San Francisco. The Planning Department, Office of the Commission Secretary, is the custodian of these documents and materials.

F. Findings about Environmental Impacts and Mitigation Measures

The following Sections II, III and IV set forth the Commission's findings about the FEIR's determinations regarding significant environmental impacts and the mitigation measures proposed to address them. These findings provide the written analysis and conclusions of the Commission regarding the environmental impacts of the Project and the mitigation measures included as part of the FEIR and adopted by the Commission as part of the Project. To avoid duplication and redundancy, and because the Commission agrees with, and hereby adopts, the conclusions in the FEIR, these findings will not repeat the analysis and conclusions in the FEIR but instead incorporate them by reference and rely upon them as substantial evidence supporting these findings.

In making these findings, the Commission has considered the opinions of staff and experts, other agencies, and members of the public. The Commission finds that (i) the determination of significance thresholds is a judgment decision within the discretion of the City and County of San Francisco; (ii) the significance thresholds used in the FEIR are supported by substantial evidence in the record, including the expert opinion of the FEIR preparers and City staff; and (iii) the significance thresholds used in the FEIR provide reasonable and appropriate means of assessing the significance of the adverse environmental effects of the Project. Thus, although, as a legal matter, the Commission is not bound by the significance determinations in the FEIR (see Public Resources Code, Section 21082.2, subdivision (e)), the Commission finds them persuasive and hereby adopts them as its own.

These findings do not attempt to describe the full analysis of each environmental impact contained in the FEIR. Instead, a full explanation of these environmental findings and conclusions can be found in the FEIR, and these findings hereby incorporate by reference the discussion and analysis in the FEIR supporting the determination regarding the project impact and mitigation measures designed to address those impacts. In making these findings, the Commission ratifies, adopts and incorporates in these findings the determinations and conclusions of the FEIR relating to environmental impacts and mitigation measures, except to the extent any such determinations and conclusions are specifically and expressly modified by these findings.

As set forth below, the Commission adopts and incorporates mitigation measures set forth in the FEIR, which are set forth in the attached MMRP, to reduce the significant and unavoidable impacts of the Project. The Commission intends to adopt the mitigation measures proposed in the FEIR. Accordingly, in the event a mitigation measure recommended in the FEIR has inadvertently been omitted in these findings or the MMRP, such mitigation measure is hereby adopted and incorporated in the findings below by reference. In addition, in the event the language describing a mitigation measure set forth in these findings or the MMRP fails to accurately reflect the mitigation measures in the FEIR due to a clerical error, the language of the policies and implementation measures as set forth in the FEIR shall control. The impact numbers and mitigation measure numbers used in these findings reflect the information contained in the FEIR.

In Sections II, III and IV below, the same findings are made for a category of environmental impacts and mitigation measures. Rather than repeat the identical finding to address each and every significant effect and mitigation measure, the initial finding obviates the need for such repetition because in no instance is the Commission rejecting the conclusions of the FEIR or the mitigation measures recommended in the FEIR for the Project.

These findings are based upon substantial evidence in the entire record before the Planning Commission. The references set forth in these findings to certain pages or sections of the EIR or Responses to Comments, which together comprise the Final EIR, are for ease of reference and are not intended to provide an exhaustive list of the evidence relied upon for these findings.

II. LESS-THAN-SIGNIFICANT IMPACTS

The NOP/IS and the FEIR find that implementation of the Project would result in less-than-significant impacts or less-than-significant impacts with mitigation in the following environmental topic areas: Land Use and Land Use Planning; Population and Housing; Transportation and Circulation; Cultural Resources (on Lesbian, Gay, Bisexual, Transgender, Queer cultural resources only); Noise; Air Quality (all subtopics but exposure of sensitive receptors); Greenhouse Gas Emissions; Wind and Shadow; Recreation; Utilities and Service Systems; Public Services; Biological Resources; Geology and Soils; Hydrology and Water Quality; Hazards and Hazardous Materials; Mineral and Energy Resources; and Agricultural and Forest Resources.

Note: Senate Bill (SB) 743 became effective on January 1, 2014. Among other things, SB 743 added §21099 to the Public Resources Code and eliminated the requirement to analyze aesthetics and parking impacts

for certain urban infill projects under CEQA. The proposed project meets the definition of a mixed-use residential project on an infill site within a transit priority area as specified by Public Resources Code §21099. Accordingly, the FEIR did not discuss the topic of Aesthetics, which can no longer be considered in determining the significance of the proposed project's physical environmental effects under CEQA. The FEIR nonetheless provided visual simulations for informational purposes. Similarly, the FEIR included a discussion of parking for informational purposes. This information, however, did not relate to the significance determinations in the FEIR.

III. FINDINGS OF SIGNIFICANT IMPACTS THAT CAN BE AVOIDED OR REDUCED TO A LESS-THAN-SIGNIFICANT LEVEL THROUGH MITIGATION AND THE DISPOSITION OF THE MITIGATION MEASURES

CEQA requires agencies to adopt mitigation measures that would avoid or substantially lessen a project's identified significant impacts or potential significant impacts if such measures are feasible. The findings in this section concern one potential impact identified in the FEIR that can be reduced with implementation of mitigation, which is potential construction-related vibration damage to the adjacent historic structure, the San Christina Building at 1000 Market Street. Additionally, the Initial Study identified six significant impacts that can be reduced with implementation of mitigation, which generally relate to unknown archeological resources, human remains, and tribal resources, as well as air quality impacts.

The Project Sponsor has agreed to implement the mitigation measures identified in the FEIR and Initial Study to address the following potential impacts. As authorized by CEQA Section 21081 and CEQA Guidelines Section 15091, 15092, and 15093, based on substantial evidence in the whole record of this proceeding, the Planning Commission finds that, unless otherwise stated, the Project has been required to incorporate mitigation measures identified in the FEIR into the project to mitigate or to avoid significant or potentially significant environmental impacts. Except as otherwise noted, these mitigation measures will reduce or avoid the potentially significant impacts described in the FEIR, and the Commission finds that these mitigation measures are feasible to implement and are within the responsibility and jurisdiction of the City and County of San Francisco to implement or enforce.

Additionally, the required mitigation measures are fully enforceable and are included as conditions of approval in the Planning Commission's Planning Code Section 309 approval or will be enforced through inclusion as conditions of approval in any building permits issued for the Project by the San Francisco Department of Building Inspection. With the required mitigation measures, all potential project impacts, except for those associated with historic architectural resource impacts, would be avoided or reduced to a less-than-significant level (see Section IV, below). The Planning Commission finds that the mitigation measures presented in the MMRP are feasible and shall be adopted as conditions of project approval.

The following significant impacts and mitigation measures were identified in the Initial Study:

Cultural and Paleontological Resources

Initial Study Impact CR-2: Construction activities for the proposed project would result in a substantial adverse change in the significance of as-yet unknown archeological resources, should such resources exist beneath the project site.

Mitigation Measure M-CR-2: Archaeological Testing Program

With implementation of Mitigation Measure M-CR-2, the Commission finds that, for the reasons set forth in the FEIR, this impact will be reduced to a less-than-significant level by ensuring that any buried or submerged archaeological resources are appropriately handled and documented.

Initial Study Impact CR-3: Construction activities for the proposed project could result in the disturbance of human remains, including those interred outside of formal cemeteries, should such remains exist beneath the project site.

Mitigation Measure M-CR-2: Archeological Testing Program

With implementation of Mitigation Measure M-CR-2, the Commission finds that, for the reasons set forth in the FEIR, this impact is a less-than-significant level by ensuring that any human remains found at the site will be appropriately handled and documented.

Initial Study Impact CR-4: Construction activities for the proposed project could result in the disturbance of tribal resources, should such resources exist beneath the project site.

Mitigation Measure M-CR-2: Archeological Testing Program

With implementation of Mitigation Measure M-CR-2, the Commission finds that, for the reasons set forth in the FEIR, this impact will be reduced to a less-than-significant level by ensuring that any tribal resources discovered at the site will be appropriately handled and documented.

Air Quality

Initial Study Impact AQ-2: The proposed project's construction activities would generate toxic air contaminants, including diesel particulate matter, which would expose sensitive receptors to substantial pollutant concentrations.

Mitigation Measure M-AQ-2: Construction Air Quality

The Commission finds that, for the reasons set forth in the FEIR, implementing Mitigation Measure M-AQ-2 would reduce this impact to a less than significant level.

Initial Study Impact M-AQ-4: The proposed project would generate toxic air contaminants, including diesel particulate matter, exposing sensitive receptors to substantial air pollutant concentrations.

Mitigation Measure M-AQ-4: Best Available Control Technology for Diesel Generators

The Commission finds that, for the reasons set forth in the FEIR, implementing Mitigation Measure M-AQ-4 would reduce this impact to a less than significant level.

Initial Study Impact C-AQ-1: C-AQ-1: The proposed project in combination with past, present, and reasonably foreseeable future development in the project area would contribute to cumulative air quality impacts.

Mitigation Measure M-AQ-2: Construction Air Quality

Mitigation Measure M-AQ-4: Best Available Control Technology for Diesel Generators

The Commission finds that, for the reasons set forth in the FEIR, implementing Mitigation Measures M-AQ-2 and M-AQ-4 would reduce this impact to a less than significant level.

The following significant impact and mitigation measure were identified in the FEIR:

FEIR Impact CR-4: Proposed demolition and construction activities on the project site could result in physical damage to the adjacent San Christina Building, an historical resource.

Mitigation Measure M-CR-4a: Vibration Monitoring and Management Plan

Mitigation Measure M-CR-4b: Construction Best Practices for Historical Architectural Resources

With implementation of Mitigation Measures M-CR-4a and M-CR-4b, the Commission finds that, for the reasons set forth in the FEIR, this impact will be reduced to a less-than-significant level by ensuring that demolition and construction activities on the project site do not result in physical damage to historical resources, including 1000 Market Street, the San Christina Building.

IV. SIGNIFICANT IMPACTS THAT CANNOT BE AVOIDED OR REDUCED TO A LESS-THAN-SIGNIFICANT LEVEL

Based on substantial evidence in the whole record of these proceedings, the Planning Commission finds that, where feasible, changes or alterations have been required, or incorporated into, the Proposed Project to reduce the significant environmental impacts identified in the FEIR.

The FEIR identifies a significant and unavoidable impact on historic architectural resources related to the demolition of the building at 1028 Market Street and the construction of a new building located at 1028 Market Street. The Commission finds that the two mitigation measures identified in the FEIR and described below are appropriate, and that changes have been required in, or incorporated into, the Proposed Project, pursuant to Public Resources Code Section 21002 and CEQA Guidelines Section 15091, that may lessen, but do not avoid (i.e., reduce to less-than-significant levels), the significant historical resources impact associated with implementation of the Proposed Project, thus the effect of implementation of the Proposed Project remains significant and unavoidable.

CEQA requires agencies to adopt mitigation measures that would lessen a project's identified significant impacts if such measures are feasible. The findings in this section concern mitigation measures discussed in the FEIR and presented in the MMRP, included as Attachment B to the Motion adopting these findings. The FEIR includes mitigation measures that have been identified that would reduce the significant and unavoidable environmental impacts of the Project listed in this section. All of the mitigation measures set forth in the FEIR that are needed to reduce these significant and unavoidable environmental impacts are contained in the MMRP.

As authorized by CEQA Section 21081 and CEQA Guidelines Section 15091, 15092, and 15093, based on substantial evidence in the whole record of this proceeding, the Planning Commission finds that these mitigation measures are feasible to implement and are within the responsibility and jurisdiction of the City and County of San Francisco to implement or enforce.

Additionally, the required mitigation measures are fully enforceable and are included as conditions of approval in the Planning Commission's Planning Code Section 309 proceeding or will be enforced through inclusion as conditions of approval in any building permits issued for the Project by the San Francisco Department of Building Inspection. With the required mitigation measures, the significant and unavoidable impacts associated with historic architectural resource impacts would be reduced but not eliminated. The Planning Commission finds that the mitigation measures presented in the MMRP are feasible and shall be adopted as conditions of project approval.

FEIR Impact CR-1: The proposed demolition of the existing 1028 Market Street building would have a substantial adverse effect on the significance of the Market Street Theatre and Loft National Register Historic District.

Mitigation Measure M-CR-1a: Documentation

Mitigation Measure M-CR-1b: Interpretation

The Commission finds that, for the reasons set forth in the FEIR, although implementation of Mitigation Measures M-CR-1a and M-CR-1b would reduce the historical resources impact of demolition of the 1028 Market Street Building, this impact would nevertheless remain significant and unavoidable.

FEIR Impact CR-2: The proposed new construction on the project site would have a substantial adverse effect on the significance of the Market Street Theatre and Loft National Register Historic District.

The Commission finds that, for the reasons set forth in the FEIR, no feasible mitigation measures exist that would reduce the historical resources impact of new construction at the project site on the significance of the Market Street Theater and Loft National Register Historic District. thus this impact is significant and unavoidable.

V. EVALUATION OF PROJECT ALTERNATIVES

A. Alternatives Analyzed in the FEIR

This section describes the alternatives analyzed in the FEIR and the reasons for approving the proposed project and rejecting the alternatives as infeasible. CEQA mandates that an EIR evaluate a reasonable range of alternatives to the Project or the Project location that generally reduce or avoid potentially significant impacts of the Project. CEQA requires that every EIR also evaluate a “No Project” alternative. Alternatives provide a basis of comparison to the Project in terms of their significant impacts and their ability to meet project objectives. This comparative analysis is used to consider reasonable, potentially feasible options for minimizing environmental consequences of the Project.

The Planning Department considered a range of alternatives in Chapter 6 of the FEIR. The FEIR analyzed the No Project Alternative, the Full Preservation Alternative, the Partial Preservation Alternative, and the Compatible Design Alternative. Each alternative is discussed and analyzed in these findings, in addition to being analyzed in Chapter 6 of the FEIR. The Planning Commission certifies that it has independently reviewed and considered the information on the alternatives provided in the FEIR and in the record. The FEIR reflects the Planning Commission’s and the City’s independent judgment as to the alternatives. The Planning Commission finds that the Project provides the best balance between satisfaction of Project objectives and mitigation of environmental impacts to the extent feasible, as described and analyzed in the FEIR, and adopts a statement of overriding considerations.

B. Reasons for Approving the Project

- To redevelop a large, underutilized site with a range of dwelling units, ground-floor commercial and retail uses, and open space amenities.
- To create a mixed-use project consistent with C-3-G Zoning District controls and the objectives and policies of the *San Francisco General Plan’s* Downtown Plan and its Housing, Urban Design, and Transportation Elements.
- To build a substantial number of residential units on the site to contribute to the *General Plan’s* Housing Element goals, Association of Bay Area Governments’ Regional Housing Needs Allocation for the City and County of San Francisco, and to respond to the City’s current shortage of housing.
- To provide affordable dwelling units on site, pursuant to the City’s Inclusionary Affordable Housing Program.
- To provide neighborhood services on the ground floor for residents and neighbors.
- To construct streetscape improvements and retail that serve neighborhood residents and workers, and enliven pedestrian activity on Market Street and Golden Gate Avenue.
- To provide open space that will enhance the quality of life for the project’s residents both in the form of private balconies and shared open spaces on the roof and courtyards.

- To build a project that demonstrates exemplary commitment to the principles of environmental sustainability through its transportation planning, energy and water usage, materials selection, indoor environmental quality, and waste management.
- To construct a high-quality project that includes a sufficient number of residential units and amount of commercial space to make economically feasible the redevelopment of the site, produce a reasonable return on investment for the project sponsor and its investors, attract investment capital and construction financing, and generate sufficient revenue to subsidize the project's planned below market rate units.

C. Evaluation of Project Alternatives

CEQA provides that alternatives analyzed in an EIR may be rejected if "specific economic, legal, social, technological, or other considerations, including provision of employment opportunities for highly trained workers, make infeasible . . . the project alternatives identified in the EIR." (CEQA Guidelines § 15091(a)(3).) The Commission has reviewed each of the alternatives to the Project as described in the FEIR that would reduce or avoid the impacts of the Project and finds that there is substantial evidence of specific economic, legal, social, technological and other considerations that make these alternatives infeasible, for the reasons set forth below.

In making these determinations, the Planning Commission is aware that CEQA defines "feasibility" to mean "capable of being accomplished in a successful manner within a reasonable period of time, taking into account economic, environmental, social, legal, and technological factors." The Commission is also aware that under CEQA case law the concept of "feasibility" encompasses (i) the question of whether a particular alternative promotes the underlying goals and objectives of a project, and (ii) the question of whether an alternative is "desirable" from a policy standpoint to the extent that desirability is based on a reasonable balancing of the relevant economic, environmental, social, legal, and technological factors.

1. No Project Alternative

Under the No Project Alternative, the existing conditions at the 1028 Market Street project site would not change. The existing two-story, 33,710-gsf commercial building on the project site would be retained in its current condition and would not be demolished.

Unlike the proposed project, under the No Project Alternative there would be no construction of a new, 13-story (plus one basement level), 120-foot-tall, 178,308-gsf mixed-use high-rise building containing 186 dwelling units, 9,657 gsf of retail/restaurant uses, 40 below-grade parking spaces, and 2 below-grade service vehicle loading spaces. The Golden Gate Avenue sidewalk along the project site frontage would not be extended by six feet; two new street trees would not be planted on Golden Gate Avenue; and a new 12-foot-wide curb cut on Golden Gate Avenue would not be constructed, as would occur with the proposed project.

The past uses of the existing building are identified in Chapter 2, Project Description, and included theater, retail, bar, and restaurant uses; it is unlikely that the existing building would be reoccupied given the current general condition of most of the building. The current temporary use of the ground floor as a food hall would not continue.

The No Project Alternative would not preclude potential future development of the project site with a range of land uses that are principally permitted at the project site; however, for the purposes of this analysis, it is assumed that under the No Project Alternative the existing building would remain vacant, with its current use as a temporary food hall being discontinued in late 2016 or early 2017.

The No Project Alternative would be inconsistent with a number of General Plan goals and policies, including but not limited to housing production; affordable housing production; locating new housing adjacent to public transit and jobs; elimination of blight; infill development; job creation; and others. It would also fail to serve any of the Project Objectives as described in the EIR.

For the foregoing reasons, the Planning Commission rejects the No Project Alternative as infeasible.

2. Full Preservation Alternative

The FEIR identified the Full Preservation Alternative as the environmentally superior alternative.

Under the Full Preservation Alternative, the existing two-story (plus partial basement), reinforced concrete building at 1028 Market Street would be retained and rehabilitated in conformance with the *Secretary of the Interior's Standards for the Treatment of Historic Properties* (Secretary's Standards). The majority of the existing building's façade, structural elements, and floor plates would be retained so as not to result in the *de facto* demolition of the existing structure as that term is defined in Article 10 of the Planning Code (Planning Code Section 1005(f)). An approximately 22,940-gsf, two-story vertical addition would be constructed atop the existing commercial building, and uses on the site would change from commercial to mixed use residential. The two-story, 20-foot-tall vertical addition would be set back 25 feet from the Market Street property line. The rehabilitated building with the vertical addition would be approximately 57 feet tall.

The rehabilitated 1028 Market Street building would be developed with ground floor retail/restaurant space along Market Street and Golden Gate Avenue, office uses at the 2nd floor, and a two-story residential addition (3rd and 4th floors). The Full Preservation Alternative's building program would have a total area of 53,006 gsf and would include 20 new residential units (166 fewer than under the proposed project). The project sponsor would meet its inclusionary housing obligation by providing the required number of below market rate units on site. Since fewer market rate units would be developed under this alternative than under the proposed project fewer affordable units would be provided as well. This alternative would have a total of 28,006 gsf of residential space, 10,000 gsf of ground floor retail/restaurant space, and 15,000 gsf of commercial space on the 2nd floor. In addition to the 10,000-gsf space for retail/restaurant uses, the ground floor of the rehabilitated building would include space for a residential lobby, a bicycle storage room, and back of house functions. Private open space would be

provided in the form of private terraces on Market Street, and the balance of required open space would be provided as common open space on the rooftop of the proposed residential addition.

The Planning Commission rejects the Full Preservation Alternative as infeasible because it would fail to meet the Project Objectives for reasons including, but not limited to, the following:

- 1) The Full Preservation Alternative would include 166 fewer housing units than the proposed project. The redevelopment of an approximately 15,000 square foot site adjacent to San Francisco's downtown core with 20 units is not consistent with a number of General Plan policies and objectives relating to maximizing the production of new housing and locating new housing on under-utilized infill sites adjacent to various forms of public transit, or the project sponsor's objectives regarding this topic.
- 2) The Full Preservation Alternative would also involve a corresponding reduction in affordable units. The proposed project's affordability requirement is 25 units, which the proposed project sponsor intends to offer as rental units to families making 55% Area Median Income or lower. The Full Preservation Alternative would have 3 affordable units. Thus, the Full Preservation Alternative would be inconsistent with several General Plan policies and objectives relating to maximizing the production of affordable housing, or the project sponsor's objectives regarding this topic.
- 3) The Full Preservation Alternative is also economically infeasible. Large development projects are capital-intensive and depend on obtaining financing from equity investors to cover a significant portion of the project's costs, and obtain a construction loan for the bulk of construction costs. Equity investors require a certain profit margin to finance development projects and must achieve established targets for their internal rate of return and return multiple on the investment. Because the Full Preservation Alternative would result in a project that includes less rentable or saleable floor area than the Project, and contains 166 fewer residential units, the total potential for generating revenue is lower while the construction cost per square foot is higher due to restoration efforts, lower economies of scale and the impact of fixed project costs associated with development. The reduced unit count would not generate a sufficient economic return to obtain financing and allow development of the proposed project and therefore would not be built.
- 4) The Full Preservation Alternative would result in fewer jobs. It would require fewer temporary construction jobs, which might not last for as long of a period of time as the proposed project. Also, because the building would be smaller than the proposed project, it would include fewer full-time building maintenance and engineering jobs.
- 5) The Full Preservation Alternative would create a project with fewer housing units in an area well-served by transit, services and shopping as well adjacent to employment opportunities which would then push demand for residential development to other sites in the City or the Bay Area. This would result in the Full Preservation Alternative not meeting the City's *Strategies to Address Greenhouse Gas Emissions* or CEQA and the BAAQMD requirements for a GHG

reductions, by not maximizing housing development in an area with abundant local and region-serving transit options.

- 6) The Full Preservation Alternative's one-time impact fee obligations would be significantly lower than the proposed project. Therefore, it would result in less funds to support child care services, public schools, and transportation and infrastructure improvements. Its assessed value would also be lower than the proposed project, resulting in less property tax revenue to the City. The Full Preservation Alternative also could not include the proposed project's public art installation on the Market Street façade.

For the foregoing reasons, the Planning Commission rejects the Full Preservation Alternative as infeasible.

3. Partial Preservation Alternative

Under the Partial Preservation Alternative, the existing two-story (plus partial basement), reinforced concrete building at 1028 Market Street would be retained and rehabilitated in conformance with the Secretary's Standards. The existing building's façade, structural elements, and floor plates would be retained so as not to result in the *de facto* demolition of the existing structure. An approximately 79,417-gsf, seven-story vertical addition would be constructed atop the existing building, and uses on the site would change from commercial to mixed use residential. The seven-story, 70-foot-tall addition would be constructed behind the existing Market Street façade and would be set back 10 feet from the Market Street property line at the 3rd floor. With the vertical addition, the rehabilitated building would be approximately 107 feet tall as measured from Market Street.

The vertical addition would be 20 feet shorter than the proposed project and, unlike the proposed project, it would include a 10-foot setback from the rehabilitated Market Street façade at the 3rd floor, a 3rd floor setback from the east property line at the property's southeast corner to preserve public views of the Golden Gate Theatre dome from the south side of Market Street, and an approximately 25-foot-by-90-foot setback at the northwestern corner of the property starting at the 2nd floor. These setbacks would rise to the full height of the proposed building at each of the elevations.

Under the Partial Preservation Alternative, the rehabilitated 1028 Market Street building would be developed with ground floor retail/restaurant space along Market Street and Golden Gate Avenue and residential uses on the 2nd through 9th floors. The Partial Preservation Alternative's building program would have a total area of 107,233 gsf and would include 112 new residential units (74 fewer than under the proposed project). It would have 14 residential units per floor from the 2nd through 9th floors with a total of 89 studio/one-bedroom units and 23 two/three-bedroom units. Private open space would be provided in the form of private terraces on Market Street, and common open space would be provided in the form of a roof terrace.

- 1) The Partial Preservation Alternative would limit the project to 112 dwelling units; whereas the proposed project would provide 186 units to the City's housing stock, a net loss of 74 units under the Partial Preservation Alternative. It would not maximize the production of new housing on

under-utilized infill sites adjacent to various forms of public transit. It therefore would not meet to the same degree the proposed project's contributions to the *General Plan's* Housing Element goals, Association of Bay Area Governments' Regional Housing Needs Allocation for the City and County of San Francisco, and to respond to the City's current shortage of housing, or the project sponsor's objectives regarding this topic.

- 2) The proposed height would be 20 feet shorter than the established height limit at the site, and its density would be further reduced by the 10-foot set back starting at the 3rd floor. Therefore, the Partial Preservation Alternative does not meet General Plan policies and objectives relating to maximizing the potential of underutilized infill sites, or the project sponsor's objectives to redevelop the site with a mixed-use project consistent with the development potential allowed in the C-3-G Zoning District.
- 3) The Partial Preservation Alternative would also involve a corresponding reduction in affordable units. The proposed project's affordability requirement is 25 units, which the proposed project sponsor intends to offer as rental units to families making 55% Area Median Income or lower. The Partial Preservation Alternative would have 15 affordable units. Thus, the Partial Preservation Alternative would be inconsistent with several General Plan policies and objectives relating to maximizing the production of affordable housing, particularly locating housing for all income levels in locations where households can easily rely on public transportation, walking, and bicycling for the majority of daily trips, although it would provide more affordable units than the Full Preservation Alternative. It would also not achieve to the same degree the project sponsor's objective to provide affordable dwelling units on site.
- 4) The Partial Preservation Alternative is also economically infeasible. Large development projects are capital-intensive and depend on obtaining financing from equity investors to cover a significant portion of the project's costs, and obtain a construction loan for the bulk of construction costs. Equity investors require a certain profit margin to finance development projects and must achieve established targets for their internal rate of return and return multiple on the investment. Because the Partial Preservation Alternative would result in a project that includes less rentable or saleable floor area than the Project, and contains 74 fewer residential units, the total potential for generating revenue is lower while the construction cost per square foot is higher due to restoration efforts, lower economies of scale and the impact of fixed project costs associated with development. The reduced unit count would not generate a sufficient economic return to obtain financing and allow development of the proposed project and therefore would not be built.
- 5) The Partial Preservation Alternative would create a project with fewer housing units in an area well-served by transit, services and shopping as well adjacent to employment opportunities which would then push demand for residential development to other sites in the City or the Bay Area. This would result in the Partial Preservation Alternative not meeting to the same degree the City's *Strategies to Address Greenhouse Gas Emissions* or CEQA and the BAAQMD requirements for a GHG reductions, by not maximizing housing development in an area with abundant local and region-serving transit options.

- 6) The Partial Preservation Alternative's one-time impact fee obligations would be lower than the proposed project. Therefore, it would result in less funds to support child care services, public schools, and transportation and infrastructure improvements. Its assessed value would also be lower than the proposed project, resulting in less property tax revenue to the City.

For the foregoing reasons, the Planning Commission rejects the Partial Preservation Alternative as infeasible.

4. Compatible Design Alternative

Under the Compatible Design Alternative, the existing building at 1028 Market Street (a contributing structure to the MSTL District and CRHR-eligible Tenderloin LGBTQ Historic District) would be demolished and an approximately 9-story, 122,543-gsf building with one below-grade parking level would be constructed in its place. The proposed building would be approximately 95 feet tall as measured at the centerline of the Market Street frontage (four stories and 32 feet shorter than the proposed project) and would be built to the property line.

The proposed building would be developed with ground floor retail/restaurant space along Market Street and Golden Gate Avenue and residential uses on the 2nd through 9th floors. The Compatible Design Alternative's building program would have a total area of 122,543 gsf and would include 112 new residential units (74 fewer than under the proposed project). Under the Compatible Design Alternative, the proposed building would have seven residential units at the 2nd floor and 15 residential units per floor from the 3rd through 9th floors with a total of 73 studio/one-bedroom units and 39 two/three-bedroom units. As with the proposed project, private open space would be provided in the form of terraces on Market Street, and common open space would be provided in the form of a rooftop terrace.

The Compatible Design Alternative would differ from the proposed project because it would be shorter, would be set back at the northwestern corner of the property (approximately 25 feet by 90 feet), and would be set back from the southeast corner of the property on the Market Street frontage. The proposed setback at the northwest corner would start at the 3rd floor and would rise to the full height of the building at the west and north (Golden Gate Avenue) elevations. The proposed setback at the southeast corner of the lot would start at the 2nd floor and would rise to the full height of the building along the south (Market Street) and east elevations. An approximately 760-sf courtyard would be developed at the 2nd floor in this setback area. The setback at the southeast corner of the property would preserve public views of the Golden Gate Theatre dome from Market Street.

- 1) The Compatible Design Alternative would involve demolition of the existing building at 1028 Market Street, which is a contributing structure to the MSTL District and the CRHR-eligible Tenderloin LGBTQ Historic District. Therefore, it would not involve retaining and rehabilitating the existing building. Therefore, although it would preserve public views of the Golden Gate Theatre dome from Market Street, it would be inconsistent with the *Secretary of the Interior's Standards for the Treatment of Historic Properties*.

- 2) The Compatible Design Alternative would limit the project to 112 dwelling units; whereas the proposed project would provide 186 units to the City's housing stock, a net loss of 74 units. It would not maximize the production of new housing on under-utilized infill sites adjacent to various forms of public transit. It therefore would not meet to the same degree the proposed project's contributions to the *General Plan's* Housing Element goals, Association of Bay Area Governments' Regional Housing Needs Allocation for the City and County of San Francisco, and to respond to the City's current shortage of housing, or the project sponsor's objectives regarding this topic.
- 3) The proposed height would be four stories and 32 feet shorter than the established height limit at the site. Therefore, the Compatible Design Alternative does not meet General Plan policies and objectives relating to maximizing the potential of underutilized infill sites, although it is more consistent with these policies and objectives than the Partial Preservation Alternative.
- 4) Like the Partial Preservation Alternative, the Compatible Design Alternative would involve a corresponding reduction in affordable units compared to the proposed project. The proposed project's affordability requirement is 25 units, which the proposed project sponsor intends to offer as rental units to families making 55% Area Median Income or lower. The Compatible Design Alternative would have 15 affordable units. Thus, the Compatible Design Alternative would be inconsistent with several General Plan policies and objectives relating to maximizing the production of affordable housing, particularly locating housing for all income levels in locations where households can easily rely on public transportation, walking, and bicycling for the majority of daily trips. It would also not achieve to the same degree the project sponsor's objective to provide affordable dwelling units on site.
- 5) The Compatible Design Alternative is also economically infeasible. Large development projects are capital-intensive and depend on obtaining financing from equity investors to cover a significant portion of the project's costs, and obtain a construction loan for the bulk of construction costs. Equity investors require a certain profit margin to finance development projects and must achieve established targets for their internal rate of return and return multiple on the investment. Because the Compatible Design Alternative would result in a project that includes less rentable or saleable floor area than the Project, and contains 74 fewer residential units, the total potential for generating revenue is lower while the construction cost per square foot is higher due to restoration efforts, lower economies of scale and the impact of fixed project costs associated with development. The reduced unit count would not generate a sufficient economic return to obtain financing and allow development of the proposed project and therefore would not be built.
- 6) The Compatible Design Alternative would create a project with fewer housing units in an area well-served by transit, services and shopping as well adjacent to employment opportunities which would then push demand for residential development to other sites in the City or the Bay Area. This would result in the Compatible Design Alternative not meeting to the same degree the City's *Strategies to Address Greenhouse Gas Emissions* or CEQA and the BAAQMD requirements for

a GHG reductions, by not maximizing housing development in an area with abundant local and region-serving transit options.

- 7) The Compatible Design Alternative's one-time impact fee obligations would be lower than the proposed project. Therefore, it would result in less funds to support child care services, public schools, and transportation and infrastructure improvements. Its assessed value would also be lower than the proposed project, resulting in less property tax revenue to the City.

5. Alternatives Considered But Rejected

Two alternatives were considered but rejected. The Full Preservation Alternative with Commercial Use Only was considered but rejected because the land use program does not include residential uses which is the project sponsor's primary project objective. The Off-Site Alternative was considered but rejected because the project sponsor does not have any site under its control that does not already have an application pending and has not indicated any plans to acquire such development rights in the near future. Additionally, an off-site alternative would not create high-density housing on this prominent site which is designated for high-density residential use due to its proximity to downtown and local and regional transit.

VI. STATEMENT OF OVERRIDING CONSIDERATIONS

The Planning Commission finds that, notwithstanding the imposition of all feasible mitigation measures and alternatives, significant impacts related to Historic Resources will remain significant and unavoidable. Pursuant to CEQA Section 21081 and CEQA Guidelines Section 15093, the Planning Commission hereby finds, after consideration of the Final EIR and the evidence in the record, that each of the specific overriding economic, legal, social, technological and other benefits of the Project as set forth below independently and collectively outweighs these significant and unavoidable impacts and is an overriding consideration warranting approval of the Project. Any one of the reasons for approval cited below is sufficient to justify approval of the Project. Thus, even if a court were to conclude that not every reason is supported by substantial evidence, the Commission will stand by its determination that each individual reason is sufficient. The substantial evidence supporting the various benefits can be found in the preceding findings, which are incorporated by reference into this Section, and in the documents found in the record, as defined in Section I.

On the basis of the above findings and the substantial evidence in the whole record of this proceeding, the Planning Commission specifically finds that there are significant benefits of the Project to support approval of the Project in spite of the unavoidable significant impacts, and therefore makes this Statement of Overriding Considerations. The Commission further finds that, as part of the process of obtaining Project approval, significant effects on the environment from implementation of the Project have been eliminated or substantially lessened where feasible. All mitigation and improvement measures proposed in the EIR and MMRP are adopted as part of the Approval Actions described in Section I, above.

Furthermore, the Commission has determined that any remaining significant effects on the environment found to be unavoidable are acceptable due to the following specific overriding economic, technical, legal, social and other considerations.

1. The Project promotes the policies and objectives of the General Plan by providing a range of residential unit types to serve a variety of needs. The Project will add up to 186 dwelling units with a varied unit mix: 70 studio units (38%), 26 junior one bedroom (14%), 21 one bedroom (11%), 57 two bedroom (31%), and 12 three bedroom (6%). It is consistent with the City's priority policy to increase housing stock whenever possible to address an identified shortage of housing in the City.
2. Of the Project's 186 units, 25 units will be on-site affordable units and offered for rent to households whose total income is below 55% of Area Median Income. Based on the Project's overall unit mix, the affordable unit mix would be 13 studios (studios/junior one bedrooms), 2 one bedroom, 8 two bedroom, and 2 three bedroom units. The Project's on-site units will be provided in accordance with the City's Affordable Inclusionary Housing Ordinance and will increase the City's supply of affordable housing. The Project includes affordable units within a market rate project, in furtherance of the City's policies supporting mixed-income projects in which private developers construct and maintain affordable housing units.
3. The Project supports the General Plan's policies and objectives relating to locating housing for all income levels where households can easily rely on public transportation, walking, and bicycling for the majority of daily trips. The Project site is located a few blocks from both the Civic Center and Powell BART and MUNI underground stations. It is within walking distance of the Financial District, SoMa, and Hayes Valley. A number of above-ground rail and bus lines are accessible on Market Street. Numerous bicycle routes are nearby, including along Market Street, Golden Gate Avenue, McAllister Street, and 7th and 8th Streets.
4. The Project meets the City's Strategies to Address Greenhouse Gas Emissions and the BAAQMD requirements for GHG reductions by maximizing development on an infill site that is well served by transit, services and shopping and is suited for dense residential development, is adjacent to employment opportunities in an area with many local and regional-serving transit options, and where residents can commute and satisfy convenience needs without frequent use of private automobiles. The Project Sponsor also intends to seek a LEED Silver or equivalent certification from the U.S. Green Building Council.
5. The Project would promote the objectives and policies of the General Plan by replacing a largely vacant and underutilized commercial building with a dense, mixed-use residential building that is in-keeping with established and planned scale, massing, and density in the immediate vicinity. The Project will add 9,657 square feet of retail and restaurant uses, proposed to be divided into four spaces between 1,116 and 2,984 square feet in size, with three fronting Market Street and one fronting Golden Gate Avenue. The Project will activate both sides of the site with retail, continuing the pattern of active ground floor retail along Market Street and adding a retail space on Golden Gate Avenue. It will result in street improvements along both Market Street and

Golden Gate Avenue, enhancing the pedestrian realm and improving neighborhood safety. The Project will enhance the attractiveness of the site in a prominent location in the City along Market Street, being designed to be of good urban design, consistent with the City's Urban Design Element.

6. The Project will create jobs. Approximately 213 construction jobs are expected, and the Project sponsor is proposing to use a union signatory general contractor. The retail component is estimated to generate approximately 20 new end-use jobs, and the future building's operation and maintenance will create approximately 5 jobs.

Having considered the above, the Planning Commission finds that the benefits of the Project outweigh the unavoidable adverse environmental effects identified in the Final EIR, and that those adverse environmental impacts are therefore acceptable.