

**RESPONSE TO COMMENTS
FINDING OF NO SIGNIFICANT IMPACTS
AND
NOTICE OF INTENT TO REQUEST RELEASE OF FUNDS
ENVIRONMENTAL ASSESSMENT
FOR
1296 SHOTWELL SENIOR AFFORDABLE HOUSING
1296 SHOTWELL STREET, SAN FRANCISCO, CA 94110**

**SAN FRANCISCO MAYOR'S OFFICE OF HOUSING AND COMMUNITY DEVELOPMENT
AUGUST 24, 2017**

A. INTRODUCTION

Purpose of the Comments and Responses Document

This Response to Comments documents MOHCD's consideration of the comments received on the *Combined Finding of No Significant Impact and Notice of Intent to Request Release of Funds* (FONSI/NOIRROF) for the proposed 1296 Shotwell Senior Affordable Housing Development ("the Project"). The FONSI/NOIRROF was published on August 6, 2017 in the San Francisco Examiner; it was mailed by the Mayor's Office of Housing and Community Development (MOHCD) on August 3, 2017 to those persons and organizations identified in the attached mailing lists (Appendix II) This Response to Comments is posted on the MOHCD website at <http://sfmohcd.org/environmental-reviews> .

Although the Council on Environmental Quality ("CEQ") regulations do not require response to comments on a Draft Environmental Assessment. The United States Department of Housing and Urban Development (HUD) regulations (24 CFR §58.43(c)) require responsible entities to consider the comments of the public and make modifications, if appropriate, in response to the comments, before it completes its environmental certification and before the recipient submits its Request for Release of Funds (RROF).

MOHCD received comments from four persons on the FONSI/NOIRROF. The comments are attached to this response at Appendix I. This document responds to all substantive comments received on the FONSI/NOIRROF and the environmental assessment (EA) on which the FONSI/NOIRROF is based. Substantive comments are those that question with reasonable basis, the accuracy of information in the environmental review record, the adequacy of environmental analysis, present reasonable alternatives other than those presented in the EA or cause changes or revisions in the proposal.

Environmental Review Process

40 CFR §1501.3(a) directs agencies to prepare an EA (Sec. 1508.9) when necessary under the procedures adopted by an individual agency to supplement Council on Environmental Quality (CEQ) regulations. MOHCD as the responsible entity for programs subject to 24 CFR Part 58, prepared an EA for the Project at 1296 Shotwell Street using the HUD recommended format. The EA was prepared in accordance with HUD guidelines and in compliance with the standards articulated in 24 CFR §§58.40(a) through (f) as well as CEQ Regulations.

24 CFR §58.40 requires the responsible entity to ensure the following elements are considered when preparing the EA:

- (a) Determine existing conditions and describe the character, features and resources of the project area and its surroundings; identify the trends that are likely to continue in the absence of the project.
- (b) Identify all potential environmental impacts, whether beneficial or adverse, and the conditions that would change as a result of the project.
- (c) Identify, analyze and evaluate all impacts to determine the significance of their effects on the human environment and whether the project will require further compliance under related laws and authorities cited in §58.5 and §58.6.
- (d) Examine and recommend feasible ways in which the project or external factors relating to the project could be modified in order to eliminate or minimize adverse environmental impacts.
- (e) Examine alternatives to the project itself, if appropriate, including the alternative of no action.
- (f) Complete all environmental review requirements necessary for the project's compliance with applicable authorities cited in §§58.5 and 58.6.

After preparing the EA in accordance with the Section 40 and CEQ standards, MOHCD, in accordance with 24 CFR §58.43(g), made a finding that the project was not an action that would result in a significant impact on the quality of the human environment and proceeded as required by Part 58 to disseminate the finding as required by 24 CFR §58.43. As permitted by 24 CFR §58.43, MOHCD disseminated the Finding of No Significant Impact (FONSI) at the same time it disseminated the Notice of Intent to Request Release of Funds as required by 24 CFR §58.70. The combined notice was published on August 6, 2017 in the San Francisco Examiner; and mailed to 191 addresses of residences and businesses in the neighborhood as well as to representatives of Native American tribes and interested agencies on August 3, 2017.

The comment period for the FONSI and Notice of Intent to Request Release of Funds (NOIRROF) ended on August 22, 2017 at 5 PM Pacific Standard Time. The public comment period was open for 16 days. The comment period started on August 7, 2017, the day after the publication of the FONSI/NOIRROF.

During the comment period, MOHCD received timely comments from members of the Inner Mission Neighborhood Association (“the Association”). All the comments submitted from the members were identical. MOHCD is treating these submissions as one comment but will send each member of the Association our response. No other comments were timely submitted.

The Environmental Assessment has not been modified as a result of the consideration of the comments received on the FONSI/NOIRROF. The original findings are still valid.

Document Organization

Following this introduction, Section B contains a list of all persons and organizations who submitted written comments on the FONSI/NOIRROF. The comments received are reproduced in Appendix I.

Section C responds to those comments related to the FONSI/NOIRROF.

As is discussed in subsequent sections of this volume, this Comments and Responses document does not provide significant new information and a reevaluation of the FONSI/NOI is not required per 24 CFR §58.47.

Project Description

The proposed action, located at 1296 Shotwell Street, involves the development of a nine-story building containing 94 dwelling units (93 affordable units plus one unit for the onsite property manager) for seniors age 62 and older. Development of the project includes demolition of the existing one-story industrial building on the project site. The ground-floor level would include a community room; two bicycle storage areas that would contain the Class I bicycle spaces; a meeting room; offices, the manager unit; two one-bedroom units; and an open space area. The project site is approximately 11,700 square feet and is bound by Shotwell Street to the east and Production, Distribution, and Repair (PDR) uses to the north, west, and south in San Francisco's Mission neighborhood. The proposed building would have a height of 84 feet (96 feet to top of elevator penthouse). The project site is within a 65-X height and bulk district. The proposed project would require the Planning Commission's approval of 100 percent Affordable Housing Bonus Program Project under Section 328 of the Planning Code for up to an additional 30 feet above the height district limit to be consistent with the height limit. The total project cost is estimated to be \$45,000,000.

The Project Sponsors are Mission Economic Development Agency and Chinatown Community Development Center (hereafter referred to "the Project Sponsor"). They formed a LP to develop and manage the proposed project, 1296 Shotwell Housing, L.P.

Distribution

This Comments and Responses document will be distributed to HUD, the San Francisco Planning Department, and agencies and persons who commented directly on the Combined Notice. This document is also posted on MOHCD's website at <http://sf-moh.org/index.aspx?page=155> and will be available for copying and reading at the reception

desk of the Mayor's Office of Housing at 1 South Van Ness Avenue, 5th Floor, San Francisco, CA 94103 from 9:30 am to 4:30 pm Monday through Friday beginning August 25, 2017.

B LIST OF COMMENTERS

1. Comments on the Finding of No Significant Impact/Notice of Intent to Request Release of Funds Related to Environmental Assessment

Person/Agency and Signatory	Date	Via
Craig Weber	August 22, 2017	Email
Lucy Junus	August 22, 2017	Email
Francesca Pastine	August 22, 2017	Email
Anne Burke	August 22, 2017	Email

C. COMMENTS AND RESPONSES

COMMENT 1: Neighborhood outreach by Mission Economic Development Agency (MEDA) was inadequate and letters of support submitted to the SF Planning Commission were not representative of residents in my neighborhood. [24 CFR 58:43]. I analyzed the letters submitted to SF Planning and found many of signatures were NOT from the adjacent area. These “support letters from adjacent area” included letters from cities other than San Francisco and many from different zip codes than 1296 Shotwell. Please see attached document for my analysis.

RESPONSE: This comment addresses the adequacy of the evidence of community outreach submitted by the project sponsor to the San Francisco Planning Commission in support of an application for a determination that the project qualified for a streamlined environmental review process for infill projects under California Public Resources Code, pursuant to CEQA, the CEQA Guidelines, 14 Cal. Code of Reg. Sections 15000 *et seq.*, and Chapter 31 of the San Francisco Administrative Code (hereafter referred to as “Infill Project Determination”). The evidence submitted by the Planning Department consisted of letters supporting the proposed project. The commenter cites 24 CFR 58.43 as the basis for this comment. 24 CFR 58.43 sets out the requirements for dissemination and publication of findings of no significant impact. These letters were written several months before MOHCD began preparing the EA. The FONSI/NOIRROF was disseminated in August of 2017. The letters have no connection to the FONSI/NOIRROF.

The Association submitted an analysis of the letters to the San Francisco Planning Commission (Commission) in opposition to the San Francisco Planning Department’s Determination that the project qualified for an Infill Project Determination. The San Francisco Planning Commission upheld the Infill Project Determination on December 1, 2016. On December 30, 2016 the Association appealed the Infill Project Determination to the San Francisco Board of Supervisors (Board). On February 14, 2017 the Board upheld the Commission’s decision and rejected the Appeal of the Infill Project Determination filed by the Association.

MOHCD’s review of the proposed project began in April 2017. MOHCD was not a party to the appeal of the Determination and was not involved in the appeal. Insofar as this comment relates to the adequacy of the outreach efforts of the project sponsor and MOHCD in relation to the FONSI/NOIRROF and EA, MOHCD believes that its efforts in the mailing, posting and publications of the FONSI/NOIRROF exceeded the requirements of applicable Federal laws and regulations. Furthermore, the project sponsor conducted considerable outreach as part of the approval process under the California Environmental Quality Act (CEQA). This outreach included 2 general community meetings and 23 community focus groups. The immediate neighborhood and surrounding community were well advised of the project as well as being able to participate in the decision making process. See Appendix III

MOHCD published the FONSI/NOIRROF in the San Francisco Examiner on August 6, 2017, posted the FONSI/NOIRROF on both the HUD Exchange via HUD Environmental Review Online System (HEROS) and on the MOHCD website at <http://sfmohcd.org/environmental-reviews>. Also, the FONSI/NOIRROF was mailed to 191 persons and agencies. The list of those persons and agencies so notified are attached to this Response Document as Appendix II.

MOHCD, as the responsible entity has disseminated and published the FONSI/NOIRROF in the manner prescribed by 24 CFR 58.43; 58.45 and 58.70.

COMMENT 2: The City's ERR is flawed and irrelevant – an Environmental Impact Statement under the National Environmental Policy Act (NEPA) is required! This is important, since the SF Planning Commission relied on a CEQA exemption that was based on an obsolete Environmental Impact Report that was prepared nine (9) years ago for the Eastern Neighborhoods Rezoning and Area Plan. [Environmental Justice – Executive Order 12898]

RESPONSE: The EA for the 1296 Shotwell Senior Housing project is accurate, relevant and on point. The EA and the underlying studies upon which it is based were prepared by professionals in accordance with articulated standards for environmental reviews and the necessary underlying studies. The conclusion reached in the EA was that there was no significant impact on the human environment and in accordance with both Council on Environmental Quality and Department of Housing and Urban Development regulations the preparation of an Environmental Impact Statement was not necessary. See 40 CFR §1501.3, 1501.4 and 1508.9; .and 24 CFR §58.36 and 24 CFR 58.40 through 58.46.

MOHCD does not understand why the commenter cites Executive Order 12898 here as MOHCD has complied fully with the mandates of the Executive Order by assessing the proposed project to determine if it would create adverse environmental impacts upon a low-income or minority community. It was determined that it did not.

The proposed project site is located within the Mission Plan Area of the Eastern Neighborhoods Area Plans which were evaluated in the Eastern Neighborhoods Rezoning and Area Plans Programmatic Environmental Impact Report (PEIR). The Eastern Neighborhoods PEIR, which was certified in 2008, is a comprehensive programmatic document that presents an analysis of the environmental effects of implementation of the Eastern Neighborhoods Rezoning and Area Plans, as well as the potential impacts under several proposed alternative scenarios. The Eastern Neighborhoods PEIR estimated that implementation of the Eastern Neighborhoods Plan could result in approximately 7,400 to 9,900 net dwelling units and 3,200,000 to 6,600,000 square feet of net non-residential space (excluding PDR loss) built in the Plan Area throughout the lifetime of the Plan (year 2025). The PEIR is not obsolete.

COMMENT 3: The city's ERR did not analyze the high concentration of low income housing in the immediate area of the proposed project. For example, the Bernal Dwelling is section 8 housing and is located one block east of 26th and Folsom Streets (160 units) funded by HUD Hope VI, the Gaewhiler property directly across the street is also subsidized housing (130 units), and the proposed project at 1515 South Van Ness will have 39 subsidized units. The number of low income housing units will be 329 units, including 1296 Shotwell, within two blocks of each other. [24 CFR 58.32]

RESPONSE: The Commenter cites 24 CFR 58.32 (Project Aggregation) in this comment regarding the concentration of low income housing in the immediate project area. The purpose of project aggregation is to group together related activities so that the responsible entity can:

1. Address adequately and analyze, in a single environmental review, the separate and combined impacts of activities that are similar, connected and closely related, or that are dependent upon other activities and actions. (See 40 CFR 1508.25(a)).
2. Consider reasonable alternative courses of action.

3. Schedule the activities to resolve conflicts or mitigate the individual, combined and/or cumulative effects.
4. Prescribe mitigation measures and safeguards including project alternatives and modifications to individual activities.

Bernal Dwellings is a San Francisco Housing Authority Development. The entire development was rebuilt in 2002. Neither MOHCD nor the project sponsor were involved in the original development or the reconstruction of the Bernal Dwellings. Additionally, there is a 14-year gap between the construction of Bernal Dwellings and the planning of 1296 Shotwell. The property that the commenter refers to as “the Gaewhiler property directly across the street” is a privately owned development built in 1987. The proposed project at 1515 South Van Ness is a private development for which no public funding is proposed. For these reasons, MOHCD believes the commenters’ citation of 24 CFR 58.32 is inappropriate as neither MOHCD nor the project sponsor have aggregated projects as it had no authority over these properties to perform an environmental review under Part 58. Nor did MOHCD and the project sponsor have a role in design, development, financing and construction of these projects.

Of these properties, only Bernal Dwellings can be considered to be low income as Gaewhiler and 1515 South Van Ness are private developments which include affordable housing units as is required by San Francisco Planning Code.

It should be noted that San Francisco is a small city of limited size, highly developed and quite dense. It is inevitable that housing units serving similar income levels will be in close proximity to one another. The concentration of low income persons in the project area is no higher than the rest of the Mission District. The project site is located in Census Tract 229.01. In 2012, 101 (7 percent) head of households were 65 years and over. The area median income for head of households 65 years and over was \$50,625. Of those 101 households, 55 (55 percent) head of households made less than the median income (\$61,875) in 2012. Therefore, the demographic characteristics of the new residents at the project site would not be dramatically different from current residents of the area and, as such, the project would not result in a change to the demographic character of the area.

The Project proposes 93 units of low-income housing for seniors, with 20 units dedicated to formerly homeless seniors. Providing housing units for formerly homeless seniors would, reduce the amount of vagrancy in the area.

COMMENT 4: The project is located within the Latino Cultural District which mandates a height limit of 6 stories (65ft), the proposed project is 90 ft. The proposed project violates the special use district’s building height. [24 CFR 58.32]

RESPONSE: Again the commenter cites 24 CFR 58.32, Project Aggregation, which is not applicable to zoning controls on building height, density and massing. The proposed building would have a height of 84 feet (96 feet to top of elevator penthouse). The project site is within a 65-X height and bulk district. The proposed project would require the Planning Commission’s approval of 100 percent Affordable Housing Bonus Program Project under Section 328 of the Planning Code for up to an additional 30 feet above the height district limit to be consistent with the height limit. The approval was granted on December 1, 2016 by the Planning Commission and is attached to this Response as Appendix IV.

The San Francisco Planning Commission made the following findings regarding the proposed project's mass, scale and height:

The Project's mass and scale are appropriate for a large lot and the surrounding context, which includes small to medium industrial buildings, four-story residential buildings and a future development project adjacent to the Project at 1515 Van Ness Ave that will create varied context along Shotwell Street. The Project expresses one distinct mass along Shotwell Street, which is articulated by different architectural designs. The Project is consistent with the mass and scale of nearby existing and future developed properties and falls at the low end of the grade change along the street. Thus, the Project is appropriate and consistent with the mass and scale of the surrounding neighborhood given the extra two stories. The top of the building contributes to the neighborhood quality, the sidewalls are appropriately articulated, and the architecture expresses complementary design and includes three dimensional detailing.¹

The Latino Cultural District ("District") was established by the Board of Supervisors in 2014. The resolution designating the area as a Cultural District by the Board did not include height limitations. Such height limitations are set forth in the Planning Code. The height of the building was authorized by the San Francisco Planning Commission and that authorization was upheld by the Board of Supervisors. While the proposed project is within a 65-X Height and Bulk District, the Planning Commission is authorized by San Francisco Planning Code §328 (100 Percent Affordable Housing Bonus Project Authorization) to increase heights of 100 percent affordable housing developments so long as the project is consistent with the Affordable Housing Bonus Design Guidelines and any other applicable design guidelines, as adopted and periodically amended by the Planning Commission, so that projects respond to their surrounding context, while still meeting the City's affordable housing goals. .

COMMENT 5: The project violates the city zoning requirement to replace the existing PDR (production, distribution and repair) facility on the proposed site. The elimination of PDR is not addressed in the ERR. [24 CFR 58.32]

RESPONSE: The displacement of the existing PDR uses as the proposed site were analyzed in the EA in the Conformance with Plans / Compatible Land Use and Zoning / Scale and Urban Design Section as well as in the Cumulative Impact Section. Development of the proposed project would result in the net loss of approximately 11,664 square feet of PDR building space and this would contribute considerably to the significant cumulative land use impact related to loss of PDR uses that was identified in the Eastern Neighborhoods PEIR. The project site is located in the NCT Use District, which has a mixed pattern of larger and smaller lots and businesses, as well as a sizable number of upper-story residential units and zoning controls designed to permit moderate-scale buildings and uses. The proposed project is consistent with the land uses envisioned for the site under the Eastern Neighborhoods PEIR. The project sponsor provided relocation assistance to the two remaining businesses – auto repair shop and storage warehouse according to the Uniform Relocation Act. 24 CFR 58.32 is not relevant to this discussion.

¹ San Francisco Planning Commission, Motion No. 19804, December 1, 2016, CASE NO. 2015-018056AHB, 1296 Shotwell Street

COMMENT 6: MEDA, the developer, has no experience as a real estate developer. \$10 million of taxpayer dollars will be at risk of loss due to possible deficiencies in the management and construction practices. [24 CFR 58.32]

RESPONSE: This is not relevant to the Environmental Review as it is not a factor required by Part 58. The project sponsor is a Limited Partnership (1296 Shotwell Housing, L.P) formed by Mission Economic Development Association (MEDA) and Chinatown Community Development Center (CCDC). Both MEDA and CCDC have considerable experience in developing and managing affordable housing. Chinatown CDC is a San Francisco-based affordable housing developer, property manager, and resident services provider with over 30 years of experience in housing development and operating, bringing significant breadth and depth of experience to the development team. MEDA brings considerable experience with development and service provision in the Mission District. MOHCD in its best judgement selected MEDA and CCDC as the most qualified to develop this project on the basis of a competitive Request for Proposals. Appendix V contains a list of both agencies housing projects.

COMMENT 7: The City and County of San Francisco Mayor's Office of Housing and Community Development ERR is incomplete and the request of HUD to release \$10,000,000 must be contingent upon a complete Environmental Impact Statement as required under the NEPA. . [24 CFR 58.32], [24 CFR 58.40; 40 CFR 1508.9], Environmental Justice – Executive Order 12898.

RESPONSE: See response to comment 2 above.

COMMENT 8: The architects ignored & disregarded our requests for architectural modifications to be more consistent with the neighborhood's character. [24 CFR 58.40; 40 CFR 1508.0]

RESPONSE: The scale and urban design of the proposed project was addressed in the Conformance with Plans / Compatible Land Use and Zoning / Scale and Urban Design Section of the EA. Additionally, architectural design suggestions were reviewed and addressed at the community meetings, and focus groups, and the project architect incorporated many of the suggestions from the community, that would still meet the City's requirements as well as with the approval by the Planning Department.

Comment by Francesca Pastine

COMMENT: Mr. Flannery, this project will have long lasting consequences in Mission district. Hillary Ronen is interested in buying a lot of land in the Mission that will be owned and operated by the San Francisco Government. I personally think this is a disastrous policy for the Mission since San Francisco does not have a history of maintaining city properties well. Already, Bernal Dwellings looks weather beaten and not cared for and this is a time when the city coffers are full. I worry that during an economical down turn these properties will be left to languish turning into large empty lots (a definition of urban blight) or, if built on, the city will not have the funds to properly maintain them. Putting a nine-story city-owned property is bad policy. Large government towers that do not get adequate up-keep have been known to create dangerous interior and exterior social interactions.

Another problem with this "tower" architectural model is it does not provide store fronts or other areas for larger community engagement further isolating it's residents and creating hazardous street conditions. furthermore, it will create a wind tunnel (although this is denied-- all one has to do is walk down 25th at Cyprus Ally past the eight-story telephone company tower on a mildly breezy day to feel how that situation exponentially intensifies the wind). We really hope that you will take a closer look at it before it is too late.

RESPONSE;

Policy. The policies underlying the development of the proposed affordable housing project are identified in the 2014 Housing Element Plan of the San Francisco General Plan, the City and County of San Francisco 2015-2019 Consolidated Plan, the State of California Affordable Housing Bonus Program (AHBP), the City's AHBP and the Association of Bay Area Governments (ABAG). These policies are driven by the acute shortage of both market rate and affordable housing in California, the Bay Area and especially in San Francisco which is facing the forced flight of lower and middle income households. The need for more affordable housing was addressed in the Statement of Purpose and Need in the EA.

Community Engagement. Since the proposed project is within walking distance of a large variety of commercial, retail, cultural and social establishments the residents will not be isolated. These factors were discussed in the Community Facilities and Services section of the EA.

Wind Tunnel Effect. This comment is noted. While wind impacts were not analyzed in the EA. The Initial Study to the Eastern Neighborhoods PEIR found that wind impacts would not be significant because the proposed rezoning and community plans would not allow for structures tall enough to create significant impacts on ground-level winds and that the Planning Department would review specific future projects such that, if deemed necessary, wind-tunnel testing would occur to ensure that project level wind impacts are mitigated to a less-than-significant level. As such, the Initial Study to the Eastern Neighborhoods PEIR found that wind impacts would not be significant and no further analysis in the EIR necessary.

Comments by Craig B. Weber

COMMENT: The Inner Mission Neighbors (IMN) is an unincorporated association of neighbors who reside near the proposed project site. Many of our members have lived in the neighborhood for more than 10 years. Our neighbors oppose a nine (9) story, no off street parking on a residential street in a high density low-income neighborhood. The proposed project is not exempt from the California Environmental Quality Act (CEQA). The SF Planning Commission relied on Public Resources Code section 21094.5 and its implementing regulation, CEQA Guidelines (14 Cal. Code Regs) section 15183.3, to find the project exempt from CEQA. [Environmental Justice, Executive Order 12898, [24 CFR 58.32]

RESPONSE: The comment is noted. The exemption of the proposed project under CEQA is outside the scope of the EA.

COMMENT Lack of financial due diligence on the part of MOHCD. MEDA did not submit audited financial reports for the years ended December 31, 2015 and 2016. The audited financial

statements for 2014 were restated for debt obtained from the U.S. Department of the Treasury's Community Development Financial Institutions Fund (CDFI) New Market Tax Credits (NMTC). We have requested prior year audited financial reports from MEDA, but have only received the December 31, 2015 financial statements. IMN will examine MEDA's financial condition for the years 2008 to 2016. MEDA is required to provide audited financial statements upon request under Government Code section 12586(e) (1) by the California Attorney General. Our requests are pending.

RESPONSE: This comment is noted. The alleged lack of financial due diligence by MOHCD is outside the scope of the EA. It should be noted, however, that both MEDA and CCDC are certified as Community Housing Development Organizations (CHDO) by MOHCD using standards set by HUD. CHDOs must meet certain requirements pertaining to their legal status, organizational structure, and capacity and experience. Both of these organizations have met or exceeded the standards for certification as CHDOs. Also, the commenter is directed to the response to Comment 6.

D. APPENDICES

Appendix I	Comments
Appendix II	Persons and Parties Sent FONSI/NOIRROF by MOHCD
Appendix III	List of Community Meetings
Appendix IV	Approval of 100 Percent Affordable Housing Bonus Program
Appendix V	List of Sponsors Housing Projects