



SAN FRANCISCO PLANNING DEPARTMENT

Subject to: (Select only if applicable)

- Affordable Housing (Sec. 415)
- Transit Impact Dev't Fee (Sec. 411)
- Childcare Fee (Sec. 414)
- First Source Hiring (Admin. Code)
- Better Streets Plan (Sec. 138.1)
- Public Art (Sec. 429)

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Planning Commission Motion No. 19884

CEQA Findings
HEARING DATE: MARCH 23, 2017

Case No.: 2014-000362 ENVGPAPCAMAPDNXSHD
Project Address: 1500 Mission Street
Current Zoning: C-3-G (Downtown General)
 120/320-R-2, 85-R-2 Height and Bulk Districts
 Van Ness & Market Downtown Residential Special Use District
Proposed Zoning: C-3-G (Downtown General)
 130/240-R-3, 130/400-R-3, 85-X
 1500 Mission Street Special Use District
Block/Lot: 3506/006, 007
Project Sponsor: Matt Witte – (415) 653.3181
 Related California
 44 Montgomery Street, Suite 1300
 San Francisco, CA 94104
Staff Contact: Tina Chang – (415) 575-9197
Tina.Chang@sfgov.org

ADOPTING FINDINGS PURSUANT TO THE CALIFORNIA ENVIRONMENTAL QUALITY ACT, INCLUDING FINDINGS OF FACT, FINDINGS REGARDING SIGNIFICANT AND UNAVOIDABLE IMPACTS, EVALUATION OF MITIGATION MEASURES AND ALTERNATIVES, AND A STATEMENT OF OVERRIDING CONSIDERATIONS RELATED TO APPROVALS FOR THE PROJECT AT 1500 MISSION STREET TO DEMOLISH AN EXISTING 30-FOOT TALL 29,000 SQUARE FOOT BUILDING AT 1580 MISSION STREET, RETAIN AND REHABILITATE A PORTION OF AN EXISTING 28-FOOT TALL 57,000 SQUARE FOOT BUILDING AND DEMOLISH THE BUILDING AT 1500 MISSION STREET AND THE NEW CONSTRUCTION OF TWO NEW BUILDINGS, A 464,000 SQUARE FOOT, 16-STORY, 227-FOOT-TALL CITY OFFICE BUILDING AND A 552,290 SQUARE FOOT, 39-STORY, 396-FOOT-TALL RESIDENTIAL TOWER CONTAINING APPROXIMATELY 550 DWELLING UNITS, INCLUDING APPROXIMATELY 110 BELOW MARKET RATE UNITS; UP TO 8,000 SQUARE FEET OF GROUND FLOOR RETAIL, 29,000 SQUARE FEET OF PRIVATE AND COMMON OPEN SPACE; 620 BICYCLE PARKING SPACES (553 CLASS 1, 67 CLASS 2) AND UP TO 409 VEHICULAR PARKING SPACES WITHIN THE VAN NESS AND MARKET DOWNTOWN RESIDENTIAL SPECIAL USE DISTRICT, DOWNTOWN-GENERAL

(C-3-G) ZONING DISTRICT AND PROPOSED 1500 MISSION STREET SPECIAL USE DISTRICT AND PROPOSED 130/400-R-3, 130/240-R-3 AND 85-X HEIGHT AND BULK DISTRICTS.

PREAMBLE

On October 13, 2014, Steve Vettel of Farella, Braun & Martel on behalf of Goodwill SF Urban Development, LLC ("Project Sponsor") filed an Environmental Evaluation Application for the Project. 2014. On May 13, 2015, the Department published a Notice of Preparation of Environmental Impact Report and Notice of Public Scoping Meeting ("NOP"). Publication of the NOP initiated a 30-day public review and comment period that began on May 13, 2015 and ended on June 15, 2015. On June 2, 2015, the Department held a public scoping meeting regarding the Project. On November 9, 2016, the Department published the Draft Environmental Impact Report (hereinafter "DEIR"), including the Initial Study ("IS"), and provided public notice in a newspaper of general circulation of the availability of the DEIR for public review and comment and of the date and time of the Planning Commission public hearing on the DEIR; this notice was mailed to the Department's list of persons requesting such notice. 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 November 9, 2016.

On April 29, 2015, the Project Sponsor filed an application requesting approval of a Downtown Project Authorization pursuant to Section 309 of the San Francisco Planning Code to facilitate the construction of two new buildings approximately 390 and 264-feet tall located at 1500 Mission Street ("Project") containing approximately 550 dwelling units, approximately 462,000 square feet of office space, 51,000 square feet of ground floor retail space, approximately 7,600 square foot publicly accessible open space in the form of a "forum" at the ground floor, up to 423 parking spaces, 6 loading spaces, and 369 bicycle parking spaces. On February 23, 2017 the Project Sponsor submitted an updated application to correct the proposed building heights to 396 and 216 feet for the residential and office buildings respectively, the total number of proposed vehicular parking to 409 spaces, bicycle parking to 620, retail square footage to 38,000 square feet, office square footage to 449,800 square feet. Additionally, the application was updated to reflect the Project's inclusion of 4,400 square feet of on-site child care.

On April 29, 2015, the Project Sponsor also filed an application for a Planning Code Amendment and Zoning Map amendment to supersede the existing Van Ness & Market Downtown Residential Special Use District with a new special use district for the Project and to amend height and bulk districts to permit one approximately 390-foot residential tower with a podium height of 110 feet and one 264-foot tall tower with a podium height of 93 feet.

On October 19, 2016, the Project Sponsor filed amendments to the Planning Code Text and Zoning Map Amendment Applications and a General Plan Amendment Application to add Section 270(g) to amend bulk controls to the proposed special use district and Map 3 (Height Districts) of the Market and Octavia Plan.

On December 15, 2016, the Planning Commission adopted Resolutions 19821 and 19822 to initiate legislation entitled, (1) "Ordinance amending the General Plan by revising the height designation for the 1500 Mission Street project, Assessor's Block 3506 Lots 006 and 007 on Map 3 of the Market and Octavia Area Plan and on Map 5 of the Downtown Area Plan; adopting findings under the California Environmental Quality Act; and making findings of consistency with the General Plan and the eight priority policies of Planning Code Section 101.1;" and (2) Ordinance amending the Planning Code to create the 1500 Mission Street Special Use District to facilitate development of the 1500 Mission Street (Assessor's Block 3506, 006 and 07) project, to regulate bulk controls in the Special Use District, to modify Zoning Map SU07 to place the project site into this Special Use District and Zoning Map HT07 to modify the height and bulk district designations for the project site; adopting findings under the California

Environmental Quality Act; making findings of consistency with the General Plan and the eight priority policies of Planning Code Section 01.; and adopting findings of public necessity, convenience, and welfare under Planning Code Section 302," respectively.

On December 15, 2016, the Commission held a duly advertised public hearing on the DEIR, at which opportunity for public comment was given, and public comment was received on the DEIR. The period for commenting on the EIR ended on January 4, 2017. The Department prepared responses to comments on environmental issues received during the 56 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 clerical errors in the DEIR.

On March 8, 2017, The Planning Department published a Responses to Comments document. 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.

On March 23, 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. The FEIR was certified by the Commission on March 23, 2017 by adoption of its Motion No. 19883.

At the same Hearing and in conjunction with this motion, the Commission made and adopted 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") by its Motion No. []. The Commission adopted these findings as required by CEQA, separate and apart from the Commission's certification of the Project's Final EIR, which the Commission certified prior to adopting these CEQA findings. The Commission hereby incorporates by reference the CEQA findings set forth in Motion No. 19884.

On March 23, 2017 the Commission conducted a duly noticed public hearing at a regularly scheduled meeting regarding (1) the General Plan Amendment amending Maps 3 and 5; and (2) the ordinance amending Planning Code to add the 1500 Mission Street Special Use District, and revise Zoning Map SU07 and HT07. At that meeting the Commission Adopted (1) Resolution 19886 recommending that the Board of Supervisors approve the requested General Plan Amendment; and (2) Resolution 19885 recommending that the Board of Supervisors approve the requested Planning Code Text and Map Amendments.


On March 23, 2017, the Planning Commission conducted a duly noticed public hearing at a regularly scheduled meeting regarding the Downtown Project Authorization application 2014-000362ENVGPAPCAMAPDNXSHD. At the same hearing the Commission determined that the shadow cast by the Project would not have any adverse effect on Parks within the jurisdiction of the Recreation and Parks Department. The Commission heard and considered the testimony presented to it at the public hearing and further considered written materials and oral testimony presented on behalf of the applicant, Department staff and other interested parties, and the record as a whole.

The Planning Department, Jonas P. Ionin, is the custodian of records; all pertinent documents are located in the File for Case No. 2014-000362ENVGPAPCAMAPDNXSHD, at 1650 Mission Street, Fourth Floor, San Francisco, California.

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 March 23, 2017.



Jonas P. Ionin
Commission Secretary

AYES: Richards, Fong, Johnson, Koppel, Moore

NAYS: None

ABSENT: Hillis, Melgar

DATE: March 23, 2017

ACTION: Adoption of CEQA Findings

ATTACHMENT A

California Environmental Quality Act Findings

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, separate and apart from the Commission's certification of the Project's Final EIR, which the Commission certified prior to adopting these CEQA findings.

These findings are organized as follows:

Section I provides a description of the proposed project at 1500 Mission Street, 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 or cumulative 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 Planning Commission Motion 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 this Motion. 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, with 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 Project site consists of two parcels (Assessor's Block 3506, Lot 002 [1500 Mission Street] and Lot 003 [1580 Mission Street]),¹ located on the north side of Mission Street between 11th Street to the east and South Van Ness Avenue to the west, within San Francisco's South of Market (SoMa) neighborhood. The Project site is located within the Downtown Area Plan and Market & Octavia Area Plan and is located within the C-3-G (Downtown General Commercial) Use District, the Van Ness & Market Downtown Residential Special Use District, and the 120/320-R-2, 85/250-R-2, and 85-X Height and Bulk Districts.

The Project site totals 110,772 square feet (2.5 acres), and the lot is generally flat. The site is a trapezoidal shape with approximately 472 feet of frontage along Mission Street, 301 feet of frontage along South Van Ness Avenue, and 275 feet of frontage along 11th Street. The northern boundary of the site stretches for 321 feet abutting an eight-story City office building that fronts onto South Van Ness Avenue, Market Street and 11th Street (One South Van Ness Avenue).

The Project site is currently occupied by two existing buildings used by Goodwill Industries: a two-story, approximately 30-foot-tall 29,000-square-foot building located at 1580 Mission Street that was constructed in 1997 and contains a Goodwill retail store on the ground level and offices above, and an approximately 57,000-square-foot, approximately 28-foot-tall (including an approximately 97-foot-tall clock tower), largely single-story warehouse building located at 1500 Mission Street that was used until June 2016 by Goodwill for processing donated items. The warehouse building at 1500 Mission Street has a basement parking garage with approximately 110 public parking spaces (some of which are valet), and accessed from an approximately 25-foot-wide curb cut on South Van Ness Avenue.

The Project site also contains approximately 25 surface parking spaces and six surface loading spaces, accessed from an approximately 46-foot-wide curb cut on Mission Street. The warehouse building, which features an approximately 97-foot-tall clock tower atop the Mission Street façade, was constructed in 1925 for the White Motor Company and renovated in 1941 for use as a Coca-Cola bottling plant—a use that continued until the 1980s. The building located at 1580 Mission Street is less than 45 years of age and is considered a "Category C" property—Not a Historical Resource. The warehouse building located at 1500

¹ Some records refer to the parcels as Lots 006 and 007.

Mission Street has been determined individually eligible for the California Register of Historical Resources and is considered a "Category A" property – Known Historical Resource.

The Project proposes to demolish the existing 1580 Mission Street building, to retain and rehabilitate a portion of the existing 1500 Mission Street building, and to demolish the remaining portions on the 1500 Mission building and construct a mixed-use development with two components: an approximately 767,200-square-foot, 396-foot-tall (416 feet to the top of the parapet) residential and retail/restaurant building at the corner of South Van Ness Avenue and Mission Street ("Retail/Residential Building"); and an approximately 567,300-square-foot, 227-foot-tall (257 feet to the top of the parapet) office and permit center building for the City and County of San Francisco ("City") on 11th Street between Market and Mission Streets ("Office Building") with a mid-rise podium extending west to South Van Ness Avenue. The proposed Project includes a proposed Zoning Map amendment and Planning Code text amendment to create the 1500 Mission Special Use District to supersede the Van Ness & Market Downtown Residential Special Use District designation and a proposed amendment to Planning Code Section 270 associated with bulk limitations, allowing for an exceedance of the current Height and Bulk District limitations, additional off-street parking, and office space above the fourth floor.

The proposed Residential/Retail Building will consist of a 39-story residential apartment tower containing a maximum of 550 dwelling units over approximately 38,000 gross square feet of ground floor retail/restaurant space, and below grade parking for 300 vehicles and 247 bicycles. The proposed Office Building will consist of a 16-story tower consisting of 464,000 gross square feet of office space containing various City departments, a permit center and a childcare facility and below grade vehicle parking for 120 vehicles and 306 bicycles.

B. Project Objectives

The City and County of San Francisco Real Estate Division has developed the following objectives for the proposed Office Building aspect of the Project:

- ▶ Develop a new, seismically-sound, Class-A, LEED Gold City office building of enough size to accommodate several interdependent City departments currently housed in disparate buildings around the Civic Center, into a single building to foster interagency cooperation, and located in close proximity to mass transit.
- ▶ Allow for potential future physical connections to the existing City office building at One South Van Ness Avenue by developing a new City office building on an adjacent site.
- ▶ Provide large office floor plates on the lower levels of the building to accommodate the specific functional requirements of several essential services departments (San Francisco Public Works, Department of Building Inspection, and the Planning Department), to allow for a one-stop permit center, to centralize permitting functions for enhanced customer service and streamlined operations on a single floor.
- ▶ Ensure enough parking spaces are provided to accommodate vehicles used by inspectors and other City personnel who make off-site field trips, as well as parking for members of the public visiting the permit center and other City offices.
- ▶ Construct shared conference, meeting, training, and boardroom facilities on the lower levels of the building for use by occupants of the office building, other nearby City departments, and the public.

- ▶ Provide and activate publicly-accessible open space areas, including a mid-block pedestrian connection, with regular civic programming and other public events.
- ▶ Provide an early childcare facility primarily for use by City employees.

Goodwill SF Urban Development, LLC has developed the following objectives for the proposed Retail/Residential Building aspect of the Project:

- ▶ Redevelop a large underused site at a prominent location in the downtown area that will serve as an iconic addition to the City's skyline and a gateway to the Civic Center and that will include a range of residential unit types and neighborhood serving retail uses.
- ▶ Build a substantial number of dwelling units on the site, including 20 percent to be affordable to residents earning a maximum of 50 percent of the average median income, to contribute to the City's *General Plan* Housing Element goals, and the Association of Bay Area Governments' Regional Housing Needs Allocation for the City.
- ▶ Assist the City in fulfilling its objectives associated with the construction of a new City office building and one-stop permit center on a portion of the site not developed with residential and retail uses and that can be subdivided as a separate legal parcel and conveyed to the City.
- ▶ Create a mixed-use project generally consistent with the land use, housing, open space and other objectives and policies of the Market & Octavia Area Plan.
- ▶ Provide commercial retail space of sufficient size to attract neighborhood-serving retail and personal services that are not currently offered in the immediate vicinity for project residents, area residents, and the public, such as one or more restaurants and a market.
- ▶ Retain portions of the former Coca-Cola Bottling Co. building, including the original clock tower and elements of the facades along Mission and 11th Streets that contribute to the Streamline Moderne character-defining features of the building.
- ▶ Develop a project that is economically feasible, able to attract equity and debt financing, and that will create a reasonable financial return to the project sponsor.

C. Project Approvals

The Project requires the following Board of Supervisors approvals:

- ▶ Zoning Map amendments to change the site's height and bulk district designations and to add the newly created 1500 Mission Special Use District, and *General Plan* amendments to amend Map 3 (height districts) of the Market & Octavia Area Plan and Map 5 (height and bulk districts) of the Downtown Plan
- ▶ *Planning Code* amendments to create the 1500 Mission Special Use District, which would supersede the project site's current Van Ness & Market Downtown Residential Special Use District, to permit office uses on the ground floor and above the fourth floor and allow parking for the City's fleet vehicles, and to amend Section 270 regarding bulk limits by creating a new Subsection 270(g)

- ▶ Ratification of the City's conditional agreement to purchase the office building component
- ▶ Approvals for construction within the public right-of-way (e.g., sidewalk wind screens and benches) on Mission and 11th Street and South Van Ness Avenue

The Project requires the following Planning Commission approvals:

- ▶ Certification of the Final EIR
- ▶ Zoning Map amendments to change the site's height and bulk district designations and to add the newly created 1500 Mission Special Use District, and General Plan amendments to amend Map 3 (height districts) of the Market & Octavia Area Plan and Map 5 (height and bulk districts) of the Downtown Plan (recommendation to the Board of Supervisors)
- ▶ *Planning Code* amendments to create the 1500 Mission Special Use District, which would supersede the project site's current Van Ness & Market Downtown Residential Special Use District, to permit office uses on the ground floor and above the fourth floor and allow parking for the City's fleet vehicles, and to amend Section 270 regarding bulk limits by creating a new Subsection 270(g) (recommendation to the Board of Supervisors)
- ▶ Downtown Project Authorization (*Planning Code* Section 309), including exceptions to the requirement to eliminate existing and new exceedances of the pedestrian wind comfort criterion of Section 148, and the requirement for off-street freight-loading spaces for the residential building of Section 152.1 (four spaces required, three proposed)
- ▶ Findings, upon the recommendation of the Recreation and Park General Manager and/or Commission, that new shadow would not adversely affect public open spaces under Recreation and Park Commission jurisdiction (*Planning Code* Section 295)

Actions by Other City Departments and State Agencies

- ▶ Demolition, grading, building and occupancy permits (Department of Building Inspection)
- ▶ Approval of lot merger and subdivision applications; minor or major street encroachment permits for construction within the public right-of-way (e.g., wind canopy, sidewalk wind screens and benches) on Mission and 11th Street and on South Van Ness Avenue (San Francisco Public Works)
- ▶ Approval of placement of bicycle racks on the sidewalk and other sidewalk improvements; approval of construction within the public right of way; approval of the on-street commercial (yellow zone) and passenger (white zone) loading spaces proposed on South Van Ness Avenue and on 11th Street (San Francisco Municipal Transportation Agency)
- ▶ Approval of sewer connections, relocations and changes; approval of Erosion and Sediment Control Plan; approval of post-construction stormwater design guidelines (San Francisco Public Utilities Commission)
- ▶ Determination and recommendation to the Planning Commission that shadow would not adversely affect open spaces under Commission jurisdiction (San Francisco Recreation and Park Commission)

- ▶ Approval of Enhanced Ventilation Proposal, as well as Dust Control Plan for construction-period activities (San Francisco Department of Public Health)
- ▶ Issuance of permits for installation and operation of emergency generator (Bay Area Air Quality Management District)

D. Environmental Review

The Project Sponsor submitted an Environmental Evaluation Application for the Project on October 14, 2014. On May 13, 2015, the Department published a Notice of Preparation of Environmental Impact Report and Notice of Public Scoping Meeting (“NOP”). Publication of the NOP initiated a 30-day public review and comment period that began on May 13, 2015 and ended on June 15, 2015. On June 2, 2015, the Department held a public scoping meeting regarding the Project.

On November 9, 2016, the Department published the Draft Environmental Impact Report (hereinafter “DEIR”), including the Initial Study (“IS”), and provided public notice in a newspaper of general circulation of the availability of the DEIR for public review and comment and of the date and time of the Planning Commission public hearing on the DEIR; this notice was mailed to the Department’s list of persons requesting such notice.

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 November 9, 2016.

On November 9, 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.

Notice of Completion was filed with the State Secretary of Resources via the State Clearinghouse on November 9, 2016.

The Commission held a duly advertised public hearing on the DEIR on December 15, 2016, at which opportunity for public comment was given, and public comment was received on the DEIR. The period for commenting on the EIR ended on January 4, 2017.

The Department prepared responses to comments on environmental issues received 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 clerical errors in the DEIR. This material was presented in a Responses to Comments document, published on March 8, 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. The IS is included as Appendix A to the DEIR and is incorporated by reference thereto.

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, Suite 400, and are part of the record before the Commission.

On March 23, 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. The FEIR was certified by the Commission on March 23, 2017 by adoption of its Motion No. [].

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, including the IS;
- 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 transcripts and audio files, 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, Jonas P. Ionin, 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, and relies upon them as substantial evidence supporting these findings.

As set forth below, the Commission adopts and incorporates the 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 in 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 FEIR finds 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, Noise, Greenhouse Gas Emissions, Recreation, Utilities and Services Systems, Public Services, Biological Resources, Geology and Soils, Hydrology and Water

Quality, Hazards and Hazardous Materials, Mineral and Energy Resources, and Agriculture 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 are no longer 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 16 potential impacts and mitigation measures proposed in the IS and/or FEIR. These mitigation measures are included in the MMRP. A copy of the MMRP is included as Attachment B to the Planning Commission Motion adopting these findings.

The Project Sponsor has agreed to implement the following mitigation measures to address the potential cultural resources, transportation and circulation, air quality, noise, geology and soils, and hazards and hazardous materials impacts identified in the IS and/or 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 will be required to incorporate mitigation measures identified in the IS and/or 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 IS and/or Final EIR, 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 Downtown Project Authorization under Planning Code Section 309 and also will be enforced through conditions of approval in any building permits issued for the Project by the San Francisco Department of Building Inspection. With the required mitigation measures, these Project impacts would be avoided or reduced to a less-than-significant level. 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 16 impacts identified in the Initial Study and/or FEIR to a less-than-significant level:

Impacts to Cultural Resources

- **Impact CR-4:** The proposed Project could cause a substantial adverse change in the significance of an archeological resource pursuant to Section 15064.5(f). With implementation of Mitigation Measure M-CR-4 (Archeological Testing Program), Impact CR-4 is reduced to a less-than-significant level.
- **Impact CR-5:** The proposed Project could result in a substantial adverse change in the significance of a tribal cultural resource. With implementation of Mitigation Measure M-CR-5 (Tribal Cultural Resources Interpretive Program), Impact CR-5 is reduced to a less-than-significant level.
- **Impact CR-6:** The proposed Project could disturb human remains, including those interred outside of formal cemeteries. With implementation of Mitigation Measure M-CR-6 (Inadvertent Discovery of Human Remains), Impact CR-6 is reduced to a less-than-significant level.

Impacts to Transportation and Circulation

- **Impact TR-3:** The proposed Project could cause a substantial increase in delays or operating costs such that significant adverse impacts to local or regional transit service could occur. With implementation of Mitigation Measure M-TR-3 (Avoidance of Conflicts Associated with On-Site Loading Operations), Impact TR-3 is reduced to a less-than-significant level.
- **Impact TR-4:** The proposed Project could create potential hazardous conditions for pedestrians, and otherwise interfere with pedestrian accessibility to the site and adjoining areas. With implementation of Mitigation Measure M-TR-3 (Avoidance of Conflicts Associated with On-Site Loading Operations), Impact TR-4 is reduced to a less-than-significant level.
- **Impact TR-5:** The proposed Project could result in potentially hazardous conditions for bicyclists, or otherwise substantially interfere with bicycle accessibility to the site and adjoining areas. With implementation of Mitigation Measure M-TR-3 (Avoidance of Conflicts Associated with On-Site Loading Operations), Impact TR-5 is reduced to a less-than-significant level.
- **Impact TR-6:** The proposed Project could create potentially hazardous conditions or significant delays for traffic, transit, bicyclists, or pedestrians associated with loading activities. With implementation of Mitigation Measure M-TR-3 (Avoidance of Conflicts Associated with On-Site Loading Operations), Impact TR-6 is reduced to a less-than-significant level.
- **Impact C-TR-5:** The proposed Project, in combination with other past, present, and reasonably foreseeable future projects, could result in cumulative bicycle impacts. With implementation of Mitigation Measure M-TR-3 (Avoidance of Conflicts Associated with On-Site Loading Operations), Impact C-TR-5 is reduced to a less-than-significant level.

Impacts to Air Quality

- **Impact AQ-3:** The proposed Project would generate toxic air contaminants, including diesel particulate matter, exposing sensitive receptors to substantial air pollutant concentrations. With implementation of Mitigation Measure M-AQ-3a (Construction Air Quality) and Mitigation Measure M-AQ-3b (Diesel Generator Specifications), Impact AQ-3 is reduced to a less-than-significant level.
- **Impact C-AQ-2:** The proposed Project could result in a considerable contribution to cumulative increases in short- and long-term exposures to toxic air contaminants. With implementation of Mitigation Measure M-AQ-3a (Construction Air Quality) and Mitigation Measure M-AQ-3b (Diesel Generator Specifications), Impact C-AQ-2 is reduced to a less-than-significant level.

Impacts to Noise

- **Impact NO-2:** The proposed Project could result in a substantial temporary or periodic increase in ambient noise and vibration in the project vicinity above levels existing without the Project during construction. With implementation of Mitigation Measure M-NO-2 (Construction Related Noise Reduction), Impact NO-2 is reduced to a less-than-significant level.
- **Impact C-NO-1:** The proposed Project, in combination with past, present, and reasonably foreseeable future projects, could result in a considerable contribution to cumulative impacts related to construction noise. With implementation of Mitigation Measure M-NO-2 (Construction Related Noise Reduction), Impact C-NO-1 is reduced to a less-than-significant level.

Impacts to Geology and Soils

- **Impact GE-6:** The proposed Project could directly or indirectly destroy a unique paleontological resource or site or unique geologic feature. With implementation of Mitigation Measure M-GE-6 (Inadvertent Discovery of Paleontological Resources), Impact GE-6 is reduced to a less-than-significant level.

Impacts to Hazards and Hazardous Materials

- **Impact HZ-2:** The proposed Project could create a significant hazard to the public or the environment through reasonably foreseeable conditions involving the release of hazardous materials into the environment. With implementation of Mitigation Measure M-HZ-2 (Hazardous Building Materials Abatement), Impact HZ-2 is reduced to a less-than-significant level.
- **Impact HZ-3:** The proposed Project could emit hazardous emissions or handle hazardous or acutely hazardous materials, substances, or waste within a quarter-mile of an existing or proposed school. With implementation of Mitigation Measure M-HZ-2 (Hazardous Building Materials Abatement), Impact HZ-3 is reduced to a less-than-significant level.
- **Impact C-HZ-1:** The proposed Project, in combination with past, present, and reasonably foreseeable future projects, could result in a considerable contribution to cumulative impacts related to hazardous materials. With implementation of Mitigation Measure M-HZ-2 (Hazardous Building Materials Abatement), Impact C-HZ-1 is reduced to a less-than-significant level.

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 there are significant project-specific and cumulative impacts that would not be eliminated or reduced to an insignificant level by the mitigation measures listed in the MMRP. The FEIR identifies one significant and unavoidable impact on cultural resources, and one significant and unavoidable impact on transportation and circulation. The FEIR also identifies that cumulative wind conditions would be altered in a manner that substantially affects the use of public areas in the vicinity and that cumulative shadow conditions on a park or open space under the jurisdiction of the Recreation and Park Department would be substantially affected; however, the FEIR concludes that the Project's contribution is not cumulatively considerable and therefore the Project's cumulative wind and shadow impacts are less than significant.

The Planning Commission further finds based on the analysis contained within the FEIR, other considerations in the record, and the significance criteria identified in the FEIR, that feasible mitigation measures are not available to reduce the significant Project impacts to less-than-significant levels, and thus those impacts remain significant and unavoidable. The Commission also finds that, although measures were considered in the FEIR that could reduce some significant impacts, certain measures, as described in this Section IV below, are infeasible for reasons set forth below, and therefore those impacts remain significant and unavoidable or potentially significant and unavoidable.

Thus, the following significant impacts on the environment, as reflected in the FEIR, are unavoidable. But, as more fully explained in Section VI, below, under Public Resources Code Section 21081(a)(3) and (b), and CEQA Guidelines 15091(a)(3), 15092(b)(2)(B), and 15093, the Planning Commission finds that these impacts are acceptable for the legal, environmental, economic, social, technological and other benefits of the Project. This finding is supported by substantial evidence in the record of this proceeding.

The FEIR identifies the following impacts for which no feasible mitigation measures were identified that would reduce these impacts to a less than significant level:

Impacts to Cultural Resources – Impact CR-2

The proposed Project would demolish most of the historic 1500 Mission Street building, which would cause a substantial adverse change in the significance of a historical resource, as defined in CEQA Guidelines Section 15064.5(b). No feasible mitigation measures were identified that would reduce this impact to a less than significant level after consideration of several potential mitigation measures. The Project Sponsor has agreed to implement four mitigation measures, as follows:

- Mitigation Measure M-CR-2a (Documentation);
- Mitigation Measure M-CR-2b (Historic Preservation Plan and Protective Measures);
- Mitigation Measure M-CR-2c (Video Recordation of the Historic Resource);
- Mitigation Measure M-CR-2d (Historic Resource Interpretation)

The Commission finds that, for the reasons set forth in the FEIR, although implementation of Mitigation Measures M-CR-2a, M-CR-2b, M-CR-2c and M-CR-2d would reduce the cultural resources impact of demolition of the 1500 Mission Street building, this impact would nevertheless remain significant and unavoidable.

Impacts to Transportation and Circulation – Impact C-TR-8

The proposed Project, combined with past, present, and reasonably foreseeable future projects, would contribute considerably to significant cumulative construction-related transportation impacts. No feasible mitigation measures were identified that would reduce this impact to a less than significant level after consideration of several potential mitigation measures. The Project Sponsor has agreed to implement one mitigation measure, as follows:

- Mitigation Measure M-C-TR-8 (Construction Coordination)

The Commission finds that, for the reasons set forth in the FEIR, although implementation of Mitigation Measure M-C-TR-8 would reduce the cumulative transportation and circulation impact of the construction phase of the Project, this impact would nevertheless remain significant and unavoidable.

V. EVALUATION OF PROJECT ALTERNATIVES

A. Alternatives Analyzed in the FEIR

This section describes the alternatives analyzed in the Project FEIR and the reasons for 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 IV of the FEIR. The FEIR analyzed the No Project Alternative, the Partial Preservation Alternative, the Full Preservation Alternative, and the All Residential Alternative. Each alternative is discussed and analyzed in these findings, in addition to being analyzed in Chapter IV 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.

B. Reasons for Approving the Project

Retail/Residential Building Component

- ▶ To redevelop a large underused site at a prominent location in the downtown area that will serve as an iconic addition to the City’s skyline and a gateway to the Civic Center and that will include a range of residential unit types and neighborhood serving retail uses.
- ▶ To assist the City with the construction of a new City office building and one-stop permit center on a portion of the site not developed with residential and retail uses and that can be subdivided as a separate legal parcel and conveyed to the City.
- ▶ To build a substantial number of residential dwelling units on the site to contribute to the City’s General Plan Housing Element goals and ABAG’s Regional Housing Needs Allocation for the City and County of San Francisco.
- ▶ To create a mixed-use project generally consistent with the land use, housing, open space and other objectives and policies of the Market & Octavia Area Plan.

- ▶ To provide commercial retail space of sufficient size to attract neighborhood-serving retail and personal services that are not currently offered in the immediate vicinity for project residents, area residents, and the public, such as one or more restaurants and a market.
- ▶ To retain portions of the former Coca-Cola Bottling Co. building, including the original clock tower and elements of the facades along Mission and 11th Streets that contribute to the Streamline Moderne character-defining features of the building.

City Office Building Component

- ▶ To develop a new, seismically-sound, Class-A, LEED Gold City office building of enough size to accommodate several interdependent City departments currently housed in disparate buildings around the Civic Center, into a single building to foster interagency cooperation, and located in close proximity to mass transit.
- ▶ To allow for a one-stop permit center to centralize permitting functions for enhanced customer service and streamlined operations on a single floor.
- ▶ To construct shared conference, meeting, training, and boardroom facilities on the lower levels of the building for use by occupants of the office building, other nearby City departments, and the public.
- ▶ To provide and activate publicly-accessible open space areas, including a mid-block pedestrian connection, with regular civic programming and other public events.
- ▶ To provide an early childcare facility primarily for use by City employees.

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.

Three alternatives were considered as part of the FEIR’s overall alternatives analysis, but ultimately rejected from detailed analysis. Those alternatives are as follows:

- **Off-site Alternative.** This alternative was rejected because the Project sponsor does not have control of another site that would be of sufficient size to develop a mixed-use project with the intensities and mix of uses that would be necessary to achieve most of the basic Project objectives.
- **Code Compliant Alternative.** An alternative that would consider project development of the site compliant with the site's existing Height and Bulk districts was not considered for further analysis because existing zoning would not meet most of the basic project objectives, nor would it address several other City policy objectives, nor would it comply with the *Planning Code*.
- **Phased Construction Alternative.** An alternative that would stagger the construction of this project as well as the construction of cumulative projects within the cumulative environment (0.25 mile) was rejected as such a requirement would be infeasible.

The following alternatives were fully considered and compared in the FEIR:

1. No Project Alternative

Under the No Project Alternative, the Project Site would foreseeably remain in its existing condition. The buildings on the project site would not be altered, and the proposed 1,334,500 combined square feet of residential, office, retail, open space, and supporting uses would not be constructed. While Goodwill Industries would no longer use the site, the site could be occupied with similar uses of office, retail and warehouse uses. The two-story, 29,000-square-foot building located at 1580 Mission Street would remain as retail uses on the ground level with offices above; and the approximately 57,000-square-foot, largely single-story building at 1500 Mission Street would continue to be used as a warehouse. Building heights on the site would not be increased and public parking would also remain unaltered.

This alternative would not preclude development of another project on the project site should such a proposal be put forth by the project sponsor or another entity. However, it would be speculative to set forth such an alternative project at this time.

The Planning Commission rejects the No Project Alternative as infeasible because it would fail to meet the Project Objectives and the City's policy objectives for the following reasons:

- 1) The No Project Alternative would not meet any of the Project Sponsor's or City's objectives;
- 2) The No Project Alternative would be inconsistent with key goals of the General Plan with respect to housing production. With no new housing created here and no construction, the No Project Alternative would not increase the City's housing stock of both market rate and affordable housing, would not create new job opportunities for construction workers, and would not expand the City's property tax base.
- 3) The No Project Alternative would leave the Project Site physically unchanged, and thus would not achieve any of the objectives regarding the redevelopment of a large underutilized site (primarily consisting of obsolete warehouses and a surface parking lot), creation of a mixed-use project that provides a substantial number of new residential dwelling units and affordable housing, and creation of a City office building in immediate proximity to mass transit and existing City offices and services in the Civic Center.

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

2. Partial Preservation Alternative

The Partial Preservation Alternative would develop a similar program to that of the proposed Project, but would retain the entirety of both the Mission Street and 11th Street façades of the 1500 Mission Street building as part of the office space development. The approximately 42,000 square foot permit center would be housed within the ground floor of the existing building. The Partial Preservation Alternative would maintain most of the exterior character-defining features of the existing building.

The Partial Preservation Alternative would provide a residential and retail/restaurant component on a reduced footprint, as compared to the proposed project, and the 1500 Mission Street building would be retained along the entire length of its Mission and 11th Street façades. The residential tower would remain at the same location as under the proposed project, at the corner of Mission Street and South Van Ness Avenue, but the 10-story podium would not extend as far to the east of the 39-story tower as under the proposed project. This alternative would include approximately 511,500 square feet of residential space for 468 residential units, 82 units (15 percent) fewer than with the proposed project, and would provide approximately 35,900 square feet of retail/restaurant space (nearly 9,700 square feet of which would be restaurant), approximately 2,100 square feet (six percent) less than with the project. For the office tower, a new second story, set back approximately 38 feet from the Mission Street façade, would be added directly behind the clock tower of the 1500 Mission Street building.

The office tower would then step up to seven stories behind the portion of the existing building that would be retained, at a distance of approximately 110 feet from the Mission Street façade (90 feet from the rear elevation of the clock tower), and then up to 16 stories at the rear of the building. The new tower would be setback approximately 29 feet from the existing 11th Street façade. As with the proposed project, this alternative would also provide an approximately 4,400-square-foot childcare facility. This alternative would provide approximately 455,600 square feet of office space, or 5,800 square feet (one percent) more than with the project, including the permit center within the retained 1500 Mission Street building. Access to below-grade parking, which would contain 332 parking spaces (21 percent fewer parking spaces than the proposed project), would be provided via two ramps accessible from 11th Street—one for the office and permit center component at the northeast corner of the project site and one for the residential and retail/restaurant component located four bays south of the office and permit center ramp.

This alternative would reduce but not eliminate the significant and unavoidable impacts on historical resources and transportation and circulation. Additionally, this alternative meets many but not all of the Project Sponsor's and City's objectives. Specifically, while this alternative provides the ability to redevelop the underutilized site, it reduces the number of residential units by 16% and the retail/restaurant space by 6%.

The Planning Commission rejects the Partial Preservation Alternative as infeasible because it would not eliminate any of the significant unavoidable individual impacts of the proposed Project and it would not meet the Project Objectives or City policy objectives for reasons including, but not limited to, the following:

- 1) The Partial Preservation Alternative would limit the Project to 468 dwelling units; whereas the proposed Project would provide up to 550 units to the City's housing stock and maximize the

creation of new residential units. The City's important policy objective as expressed in Policy 1.1 of the Housing Element of the General Plan is to increase the housing stock whenever possible to address a shortage of housing in the City.

- 2) The Partial Preservation Alternative would also limit the Project to 94 total affordable units; whereas the proposed Project would provide up to 110 affordable units to the City's stock of affordable housing and contribute to the City's Inclusionary Housing Program. The City's important policy objective as expressed in Policy 1.1 of the Housing Element of the General Plan is to increase the affordable housing stock whenever possible to address a shortage of housing in the City.
- 3) The Partial Preservation Alternative would create a project that would not fully utilize this site for housing production, thereby not fully satisfying General Plan policies such as Housing Element Policies 1.1 and 1.4, among others. The alternative would not further the City's housing policies to create more housing, particularly affordable housing opportunities as well as the proposed Project does, and would not remove all significant unavailable impacts.
- 4) Construction of the Partial Preservation Alternative would be more complicated, less efficient and more expensive to construct than the Proposed Project for the following reasons:
 - The Partial Preservation Alternative results in a significantly lower housing unit count due to the reduced residential footprint.
 - The reduced residential footprint also creates much less efficient residential floor plates, as the highly efficient Mission Street podium wing would be removed from the residential tower but the building core must stay the same.
 - In order to preserve a larger portion of the 1500 Mission building, the foundation underneath the building would need to be rebuilt and reinforced in order to partially support the adjoining towers, and it would be expensive to undertake this work while the existing building remains intact.
 - In order to retain the warehouse portion of the 1500 Mission Street building while also providing for vehicular access to both the office and residential subterranean garages, the existing facades, superstructure (columns and trusses) and roof would need to be reinforced and new vehicular access ramps from 11th Street would have to be constructed through and under the 11th Street façade, rather than built as part of new construction as contemplated in the Proposed Project.
 - In order to achieve sufficient residential parking spaces, an easement would need to be granted from the Office Building to the Residential Building to allow a portion of the residential parking to be located in the existing basement of the 1500 Mission Street building. In order to connect the two basements, a tunnel would need to be created and mechanical stackers would need to be added to provide necessary parking thereby increasing the construction costs. In addition, deeper excavation would be needed to accommodate these mechanical stackers.
 - Despite the reduction of residential square footage, there is relatively little reduction in general contractor's staff or general requirements given the scale and complexity of development.
 - Despite the reduction of residential square footage, the costs for vertical circulation (stairs, elevators) remain nearly the same.

- Residential building façade surface area does not decrease proportionally to the decrease in residential square footage, which creates a relatively higher façade cost per residential unit.
 - Despite the reduction of residential square footage, all large MEP equipment would remain nearly the same as the Proposed Project.
- 5) The residential/retail component of the Partial Preservation Alternative is 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, obtain a construction loan for the bulk of construction costs, and provide significant costs out-of-pocket. 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 is significantly smaller than the Project, and contains 92 fewer residential units, the total potential for generating revenue is lower while the construction cost per square foot is higher due to 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.

Seifel Consulting, Inc., a qualified real estate economics firm, prepared on behalf of the Project sponsor a memorandum entitled "Financial Feasibility Analysis of 1500 Mission Street Project", which is included in the record and is incorporated herein by reference. Given the significant fixed development costs (such as property acquisition and site improvement costs), the lower number of units in the Partial Preservation Alternative negatively impacts its financial viability, as there are fewer units over which these fixed development costs can be spread in comparison to the Project. The memorandum concludes that the Partial Preservation Alternative is not financially feasible because the development costs for the Partial Preservation Alternative significantly exceed potential revenues, resulting in a negative developer margin or return.

Specifically, implementation of the Partial Preservation Alternative for apartment development would result in total development costs of \$344,224,000 million and result in a total value of \$341,551,000 million, resulting in negative \$2,673,000 net developer margin or return. In addition, the Reduced Density Alternative does not meet either of the return thresholds as measured by Yield On Cost or Return on Cost. Similarly, implementation of the Partial Preservation Alternative as a condominium development rather than a rental project would also result in a negative net developer margin or return (\$55,466,000 million) and would fail to meet either of the return thresholds.

The Planning Department engaged Strategic Economics, a qualified real estate economics firm, to independently review the Seifel Consulting analysis of the financial feasibility of the residential/retail component of the Partial Preservation Alternatives on behalf of the City. Strategic Economics produced a memorandum entitled "Peer Review of 1500 Mission Pro Forma," which is included in the record and is incorporated herein by reference. Strategic Economics verified that the methodology and assumptions used by Seifel Consulting were reasonable and verified the conclusion of the Seifel Consulting analysis that the residential/retail component of the Partial Preservation Alternative is financially infeasible.

- 6) The office component of the Partial Preservation Alternative is also economically infeasible. The City's Real Estate Division prepared an analysis of the Partial Preservation Alternative's

ability to meet the City's programmatic objectives, policies, requirements and financial feasibility, which is included in the record and is incorporated herein by reference. In December 2014, the City's Board of Supervisors approved a conditional Purchase and Sale Agreement ("PSA"), which contains an Approved Project Budget of \$326.7 million. The Partial Preservation Alternative would increase the Approved Project Budget by \$47 million, whereas the proposed Project would be developed at or below the Approved Project Budget. This renders the Partial Preservation Alternative economically infeasible for the City, given the City's other fiscal needs. Additionally, the Partial Preservation Alternative is infeasible in its failure to meet the City's objectives for the development Project as well as the proposed Project does. In particular, the Partial Preservation Alternative makes achieving the City's seismic and environmental policy goals more difficult and expensive by requiring retention of larger portions of existing buildings that are outdated, inefficient and environmentally unsound. The Partial Preservation Alternative also would significantly reduce available parking for City fleet vehicles and visitors to the permit center.

- 7) The Partial Preservation Alternative would create a project with fewer housing units in an area well-served by transit, services and shopping and 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 as the Project, the City's *Strategies to Address Greenhouse Gas Emissions* or CEQA and the Bay Area Air Quality Management District's ("BAAQMD") requirements for a GHG reductions, by not maximizing housing development in an area with abundant local and region-serving transit options.

For the foregoing reasons, the Planning Commission rejects the Reduced Density Alternative as infeasible.

3. Full Preservation Alternative

The Full Preservation Alternative would be similar to the Partial Preservation Alternative; however, the office tower would be set back approximately 59 feet from the 11th Street façade of the 1500 Mission Street building, or more than twice the setback of the Partial Preservation Alternative. Also, in addition to preserving exterior features of the existing 1500 Mission Street building, this alternative would retain a substantial portion of the industrial warehouse section of the building, including wire glass skylights, exposed steel truss work/structural framing, unfinished concrete floor, and full-height interior space that would remain intact as part of the first floor permit center within the office building. The Full Preservation Alternative would retain the Mission and 11th Street facades of the existing 1500 Mission Street building in their entirety, and a new office tower would be constructed at the rear northwest corner of the existing building. All of the character-defining features on these two facades, and for the majority of the building, would be retained.

The Full Preservation Alternative would provide a residential and retail/restaurant component on a reduced footprint as compared to the proposed project (the same as with the Partial Preservation Alternative). Like the Partial Preservation Alternative, the Full Preservation Alternative would provide approximately 35,900 square feet of retail/restaurant space and 511,500 square feet of residential space that would accommodate 468 units. Under this alternative, an office tower would be set back approximately 59 feet from the 11th Street facade, or just over twice the setback in the Partial Preservation Alternative. Unlike the Partial Preservation Alternative, there would be no second floor addition behind

the clock tower, so the setback of the office tower would be approximately 111 feet from the Mission Street elevation (about 90 feet from the rear elevation of the clock tower).

The office tower, at the northeast corner of the building, would step up to 9 stories (compared to seven stories with the Partial Preservation Alternative), and then up to 16 stories at the rear of the building, beginning about 180 feet back from the Mission Street façade. This alternative would provide approximately 452,400 square feet of office space, 2,600 square feet (0.6 percent) more than with the proposed project, including the permit center within the retained portion of the 1500 Mission Street building, but no childcare facility due to the lack of available space for required childcare open spaces. As with the Partial Preservation Alternative, access to below-grade parking, which would contain 142 parking spaces (66 percent fewer parking spaces than the proposed project), would be provided via two ramps accessible from 11th Street, one for the office and permit center component at the northeast corner of the project site and one for the residential and retail/restaurant component located four bays south of the office and permit center ramp. This alternative would have one basement level of parking compared to the Partial Preservation Alternative, which would have two below-grade levels of parking.

The Planning Commission rejects the Full Preservation Alternative as infeasible because it would not eliminate all of the significant unavoidable individual impacts of the proposed Project and it would not meet the Project Objectives or City policy objectives for reasons including, but not limited to, the following:

- 1) The Full Preservation Alternative would limit the Project to 468 dwelling units; whereas the proposed Project would provide 550 units to the City's housing stock. The City's important policy objective as expressed in Policy 1.1 of the Housing Element of the General Plan is to increase the housing stock whenever possible to address a shortage of housing in the City.
- 2) The Full Preservation Alternative would also limit the Project to 94 total affordable units; whereas the proposed Project would provide up to 110 affordable units to the City's stock of affordable housing and contribute to the City's Inclusionary Housing Program. The City's important policy objective as expressed in Policy 1.1 of the Housing Element of the General Plan is to increase the affordable housing stock whenever possible to address a shortage of housing in the City.
- 3) The Full Preservation Alternative would create a project that would not fully utilize this site for housing production, thereby not fully satisfying General Plan policies such as Housing Element Policies 1.1 and 1.4, among others. The alternative would not create a project that is consistent with and enhances the existing scale and urban design character of the area or furthers the City's housing policies to create more housing, particularly affordable housing opportunities, and would not remove all significant unavailable impacts.
- 4) Construction of the Full Preservation Alternative would be more complicated, less efficient and more expensive to construct than the Proposed Project for the following reasons:
 - The Full Preservation Alternative results in a significantly lower housing unit count due to the reduced residential footprint.
 - The reduced residential footprint also creates much less efficient residential floor plates, as the highly efficient Mission Street podium wing would be removed from the residential tower but the building core must stay the same.

- In order to preserve a larger portion of the 1500 Mission building, the foundation underneath the building would need to be rebuilt and reinforced in order to partially support the adjoining towers, and it would be expensive to undertake this work while the existing building remains intact.
 - In order to retain the warehouse portion of the 1500 Mission Street building while also providing for vehicular access to both the office and residential subterranean garages, the existing facades, superstructure (columns and trusses) and roof would need to be reinforced and new vehicular access ramps from 11th Street would have to be constructed through and under the 11th Street façade, rather than built as part of new construction as contemplated in the Proposed Project.
 - In order to achieve sufficient residential parking spaces, an easement would need to be granted from the Office Building to the Residential Building to allow a portion of the residential parking to be located in the existing basement of the 1500 Mission Street building. In order to connect the two basements, a tunnel would need to be created and mechanical stackers would need to be added to provide necessary parking thereby increasing the construction costs. In addition, deeper excavation would be needed to accommodate these mechanical stackers.
 - Despite the reduction of residential square footage, there is relatively little reduction in general contractor's staff or general requirements given the scale and complexity of development.
 - Despite the reduction of residential square footage, the costs for vertical circulation (stairs, elevators) remain nearly the same.
 - Residential building façade surface area does not decrease proportionally to the decrease in residential square footage, which creates a relatively higher façade cost per residential unit.
 - Despite the reduction of residential square footage, all large MEP equipment would remain nearly the same as the Proposed Project.
 - In order to preserve most of the warehouse component of the 1500 Mission building, the entire foundation underneath the building would need to be underpinned, increasing the most expensive component of the temporary shoring system.
 - To achieve the parking counts for the Residential Building, a larger easement from the Office Building would need to be granted and a greater perimeter of the 1500 Mission Street building would need to be underpinned, contributing to an overall greater cost per parking spot.
- 5) The residential/retail component of the Full Preservation Alternative is 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, obtain a construction loan for the bulk of construction costs, and provide significant costs out-of-pocket. 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 is significantly smaller than the Project, and contains 92 fewer residential units, the total potential for generating revenue is lower while the construction cost per square foot is higher due to 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.

Seifel Consulting, Inc., a qualified real estate economics firm, prepared on behalf of the Project sponsor a memorandum entitled "Financial Feasibility Analysis of 1500 Mission Street Project", which is included in the record and is incorporated herein by reference. Given the significant fixed development costs (such as property acquisition and site improvement costs), the lower number of units in the Partial Preservation Alternative negatively impacts its financial viability, as there are fewer units over which these fixed development costs can be spread in comparison to the Project. The memorandum concludes that the Partial Preservation Alternative is not financially feasible because the development costs for the Partial Preservation Alternative significantly exceed potential revenues, resulting in a negative developer margin or return.

Specifically, implementation of the Full Preservation Alternative for apartment development would result in total development costs of \$337,631,000 million and result in a total value of \$329,048,000, negative (\$8,583,000) million net developer margin or return. In addition, the Reduced Density Alternative does not meet either of the return thresholds as measured by Yield On Cost or Return on Cost. Similarly, implementation of the Full Preservation Alternative as a condominium development rather than a rental project would also result in a negative net developer margin or return (\$55,602,000 million) and would fail to meet either of the return thresholds.

The Planning Department engaged Strategic Economics, a qualified real estate economics firm, to independently review the Seifel Consulting analysis of the financial feasibility of the residential/retail component of the Partial Preservation Alternatives on behalf of the City. Strategic Economics produced a memorandum entitled "Peer Review of 1500 Mission Pro Forma," which is included in the record and is incorporated herein by reference. Strategic Economics verified that the methodology and assumptions used by Seifel Consulting were reasonable and verified the conclusion of the Seifel Consulting analysis that the residential/retail component of the Partial Preservation Alternative is financially infeasible.

- 6) The office component of the Full Preservation Alternative is also economically infeasible. The City's Real Estate Division prepared an analysis of the Full Preservation Alternative's ability to meet the City's programmatic objectives, policies, requirements and financial feasibility, which is included in the record and is incorporated herein by reference. In December 2014, the City's Board of Supervisors approved a conditional Purchase and Sale Agreement ("PSA"), which contains an Approved Project Budget of \$326.7 million. The Full Preservation Alternative would increase the Approved Project Budget by \$49 million, whereas the proposed Project would be developed at or below the Approved Project Budget. This renders the Full Preservation Alternative economically infeasible for the City, given the City's other fiscal needs. Additionally, the Full Preservation Alternative is infeasible in its failure to meet the City's objectives for the development Project as well as the proposed Project does. In particular, the Full Preservation Alternative makes achieving the City's seismic and environmental policy goals more difficult and expensive by requiring retention of larger portions of existing buildings that are outdated, inefficient and environmentally unsound. The Full Preservation Alternative also would significantly reduce available parking for City fleet vehicles and visitors to the permit center and eliminate the on-site childcare facility proposed by the Project.
- 7) The Full Preservation Alternative would create a project with fewer housing units in an area well-served by transit, services and shopping and 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, to the same degree as the Project, the City's *Strategies to Address Greenhouse Gas Emissions* or CEQA and the Bay Area Air Quality Management District's ("BAAQMD") requirements for a GHG reductions, by not maximizing housing development in an area with abundant local and region-serving transit options.

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

4. All Residential Alternative

The All Residential Alternative would provide residential and retail uses in two proposed towers in approximately the same location as the towers in the proposed project. At complete buildout, Tower 1, located along South Van Ness and Mission Street would be 39 stories, consistent with the proposed project tower at this location, and Tower 2, located on 11th Street between Market and Mission Streets would be 30 stories, or 14 stories taller than the proposed project.

Tower 1 would provide 570 residential units in approximately 642,900 square feet, and approximately 38,400 square feet of retail space, as well as 298 below-grade parking spaces. Tower 2 would provide 406 residential units in approximately 395,500 square feet, along with 12,700 square feet of retail space, and 203 below-grade vehicle parking spaces. Under this alternative, Tower 1 would provide 570 units, 10 more than the proposed project, and Tower 2 would be entirely devoted to residential housing, providing 406 units with the additional square footage. In addition, 38,400 square feet of retail and restaurant uses would be provided in Tower 1, with an additional 12,700 square feet of similar uses in Tower 2.

Apart from modified building heights, this alternative would use the same buildout scope and design of the proposed project, and would provide approximately 416 more residential units for a total of 976 units, 20 percent of which would be affordable units. Under the All Residential Alternative, the project would provide no office or permit center. Like the Full Preservation Alternative, this alternative would also not provide a childcare facility. Access to below-grade parking, which would contain 501 parking spaces (19 percent greater parking spaces than the proposed project), would be available from two locations off of 11th Street.

The Planning Commission rejects the All Residential Alternative as infeasible because it would not eliminate any of the significant unavoidable individual impacts of the proposed Project and it would completely fail to meet any of the City's objectives for the construction of a new, one-stop permit center and City office building.

For the foregoing reasons, the Planning Commission rejects the All Residential Alternative as infeasible.

VI. STATEMENT OF OVERRIDING CONSIDERATIONS

The Planning Commission finds that, notwithstanding the imposition of all feasible mitigation measures, impacts related to Cultural and Historic Resources, and Transportation and Circulation, will remain significant and unavoidable. Pursuant to CEQA section 21081 and CEQA Guideline 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 measures proposed in the FEIR/IS 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, technological, legal, social and other considerations.

The Project will have the following benefits:

1. The Project would add up to 550 dwelling units to the City's housing stock on a currently underutilized site. The City's important policy objective as expressed in Policy 1.1 of the Housing Element of the General Plan is to increase the housing stock whenever possible to address a shortage of housing in the City.
2. The Project would increase the stock of permanently affordable housing by creating approximately 110 units affordable to low-income households on-site.
3. The Project would provide a new City office building able to accommodate several interdependent City departments currently housed in disparate buildings around the Civic Center, as well as common training and conference facilities with the benefit of fostering interagency cooperation. Specifically, these at-grade conference and training facilities will activate the adjacent mid-block alley and facilitate use by occupants of the office building, other nearby City departments and the public, including public access into this area of the building after normal business hours.
4. The Project will provide a one-stop permit center to centralize permitting functions for enhanced customer service and streamlined operations. There are no other sites within the Civic Center area that offer the combination of geographic and functional benefits to the City that this particular site does. In particular, the Project Site is immediately adjacent to One South Van Ness, which houses an existing City office building, and can accommodate a physical connection to that building.
5. The City office building is fiscally prudent and will have a positive net present value over the next thirty years. In addition to lower operating expenses compared to current City office space or other alternatives (including the purchase of existing office space or other

newly constructed office space), the proposed City office building will also be more efficient and environmentally sustainable.

6. The Project promotes a number of General Plan Objectives and Policies, including Housing Element Policy 1.1, which provides that "Future housing policy and planning efforts must take into account the diverse needs for housing;" and Policies 11.1, 11.3 and 11.6, which "Support and respect the diverse and distinct character of San Francisco's Neighborhoods." San Francisco's housing policies and programs should provide strategies that promote housing at each income level, and furthermore identify sub-groups, such as middle income and extremely low income households that require specific housing policy. In addition to planning for affordability, the City should plan for housing that serves a variety of household types and sizes." The Project will provide a mix of housing types at this location, including studios and one-, two-, and three-bedroom units, increasing the diversity of housing types in this area of the City.
7. The Project adds nearly 38,000 gross square feet of neighborhood serving retail and restaurant space in an area with a growing residential and workplace population, consistent with the policies of the Downtown Area Plan and Market & Octavia Area Plan.
8. The Project provides both publicly accessible and/or common open space in excess of the amounts required by the Planning Code.
9. The Project provides an on-site child care facility.
10. The Project includes a massing scheme and wind reduction elements to avoid the creation of any new hazardous wind conditions on any nearby public sidewalks or seating areas.
11. The Project provides a total of 553 Class 1 secure indoor bicycle parking spaces, in excess of the number required by the Planning Code, and 67 Class 2 sidewalk bike rack spaces, encouraging residents and visitors to access the site by bicycle.
12. The Project meets the City's *Strategies to Address Greenhouse Gas Emissions* and the BAAQMD requirements for a 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, where residents can commute and satisfy convenience needs without frequent use of a private automobile and is adjacent to employment opportunities, in an area with abundant local and region-serving transit options. The Project would leverage the site's location and proximity to transit by building a dense mixed-use project that allows people to live and work close to transit sources.
13. The Project promotes a number of Downtown Area Plan Objectives and Policies, including Policies 2.2 and 2.2, which further the Objective of maintaining and improving San Francisco's position as a prime location for financial, administrative, corporate and professional activity; Policy 5.1, which encourages providing space for commercial activities; and Policies 7.1 and 7.2, which further the Objective of expanding the supply of housing in and adjacent to Downtown. The Project also promotes a number of Market and Octavia Area Plan Objectives and Policies, including Objectives 2.3 and 2.4, which encourage increasing the existing housing stock, including for affordable units.

14. The Project promotes a number of City urban design and transportation policies, including: eliminating existing vehicular entrances/curb cuts on South Van Ness Avenue; avoiding all curb loading zones along the entire Mission Street frontage to accommodate SFMTA's transit and bicycle lanes plan for Mission Street; incorporating significant spacing between the building towers and articulating the massing of the Office Building component with a "Collaborative Seam."
15. The Conditions of Approval for the Project include all the mitigation and improvement measures that would mitigate the Project's potentially significant impact to insignificant levels, except for its impacts on Cultural Resources and Transportation and Circulation. Although the Project demolishes most of the existing 1500 Mission Street building, it retains and rehabilitates some of that building's character defining features, including most of the Mission Street façade and the clock tower.
16. The Project will create temporary construction jobs and permanent jobs in the retail sector. These jobs will provide employment opportunities for San Francisco residents, promote the City's role as a commercial center, and provide additional payroll tax revenue to the City, providing direct and indirect economic benefits 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 FEIR and/or IS, and that those adverse environmental effects are therefore acceptable.