



March 14, 2017

Hon. London Breed  
San Francisco Board of Supervisors  
City Hall Room 244  
1 Dr. Carlton B. Goodlett Place  
San Francisco, CA 94102

Re: 2675 Folsom Street  
File No. 161146 (CEQA Appeal)  
Hearing Date: March 21, 2017

Dear President Breed and Supervisors,

On March 21, 2017, the Board of Supervisors (Board) is scheduled to hear the appeal filed against the CEQA document prepared for the project at 2675 Folsom Street (CEQA Appeal). The CEQA Appeal was filed five months ago, on October 21, 2016, and has been “on hold” while the Planning Department prepared two technical studies requested by the Board on another CEQA Appeal also located in the Latino Cultural District. After four months, those studies are now finally complete and the CEQA Appeal is ready to be heard. On behalf of Axis Development Group (Axis), the project sponsor of 2675 Folsom Street, we respectfully request the CEQA Appeal be heard on March 21, 2017, and that a decision be made on that date.

The project at 2675 Folsom Street initially filed a Preliminary Project Assessment and an Environmental Evaluation on October 20, 2014 and has been in the entitlement process for approximately 2 ½ years. The project was approved by the Planning Commission on September 22, 2016, and on October 21, 2016, an appeal of the Community Plan Exemption (CPE) prepared under CEQA was filed. Appeals of the Large Project Authorization (LPA) and Conditional Use authorization (CU authorization) were also filed, but were since dropped by the opponents.

The CEQA Appeal was first scheduled to be heard by the Board on November 29, 2016. It was then continued to December 13, 2016 and January 10, 2017, to allow the Planning Department time to prepare technical studies previously requested by the Board. On January 10, 2017, when it was clear that the Planning Department needed more time, the CEQA Appeal was once more continued to March 21, 2017.<sup>1</sup>

Finally, after four months, on March 13, 2017, the reports requested by the Board have been released. They include an updated staff report and two technical studies. The first study prepared by Amy Herman at ALH Urban & Regional Economics (ALH), evaluated whether market-rate development in the Latino Cultural District would have a significant physical impact on the environment requiring further review under CEQA. The second study, prepared by Fehr & Peers, evaluated whether the assumptions made in the Eastern Neighborhoods Programmatic

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<sup>1</sup> At this same time, as noted above, the appeal of the LPA and CU authorization were dropped. Those appeals are no longer pending before the Board or the Board of Appeals.

Environmental Impact Report (EN PEIR) related to traffic remain valid given the changing demographics in the Latino Cultural District and Mission and recent transportation trends.

The ALH analysis found that while commercial gentrification and residential displacement may be occurring in the Latino Cultural District and the Mission, these changes are the result of many factors and are *not* linked to new market-rate development. Retail demand in the Latino Cultural District and Mission is much more influenced by regional trends than local neighborhood changes, and displacement is not the inevitable result of gentrification nor are increased rents the inevitable result of the development of market-rate housing. Displacement is caused by many factors and new development can be beneficial in decreasing pressure on existing housing and increasing residential opportunities.

Further, the staff report dated March 13, 2017, for the Appeal of the Community Plan Exemption for 2675 Folsom Street Project states: “the Eastern Neighborhoods PEIR identified the potential effects of the rezoning and area plans on housing supply and affordability, gentrification, displacement, locally owned businesses, and PDR use, and evaluated whether these socioeconomic effects would result in significant impacts on the physical environment consistent with the requirements of CEQA. ***The appellant’s contention that these socioeconomic effects represent new information or changed circumstances that the Eastern Neighborhoods PEIR failed to consider is therefore incorrect.***” (Staff Report at page 13, emphasis added)

The Fehr & Peers analysis found that the EN PEIR traffic analysis took a very conservative approach to studying traffic and as a result, in 2016 traffic volumes were 5-10% lower than expected under the EN PEIR. Regionally, the distance a worker was assumed to travel from home and work was less and even though there have been demographic and economic changes in the Mission, residents own the same number of cars and use non-automobile transportation (i.e., buses, bikes, etc.) at the same rates. Commute shuttles and ride-share apps, while new, do not generate increased traffic or new traffic impacts that were not previously analyzed or captured in the Eastern Neighborhoods EIR.

In sum, both the ALH and Fehr & Peers report include important information regarding the socio-economic changes occurring the Latino Cultural District and the Mission. They both have found, however, that these changes are not creating or resulting in a physical impact on the environment, or creating a new or more significant impact, that was not adequately studied in the EN PEIR. Thus, the socioeconomic issues raised are policy issues, not issues that required further CEQA review.

This conclusion is echoed by the staff report which states: “[i]n conclusion, the Planning Department’s determination that the 2675 Folsom Street project would *not* result in new or substantially more severe significant effects on the physical environment than were already disclosed in the Eastern Neighborhoods PEIR is valid. ***The department therefore recommends that the Board reject the appeal and uphold the department’s CEQA determination in accordance with CEQA section 21080.3 and CEQA Guidelines section 15183.***” (Staff Report at page 5, emphasis added).

Now that the technical studies requested by the Board are complete, Axis submits to you that it is time to hear the CEQA Appeal. The Board has already exceeded the 90-days allowed under Administrative Code section 31.16(b)(7), which provides that CEQA Appeals are to be heard by the

Board within 90-days of filing. That date expired on January 19, 2017. When the CEQA Appeal is finally heard by the Board on March 21, 2017, it will be 150 days from filing and 60 days past the statutory hearing deadline.

We believe that any further delay in hearing the CEQA Appeal would be indefensible and is unwarranted. As a result, Axis would not agree to a further continuance. At this point, in our opinion, there is no rational basis for any further delays.

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For these reasons, we respectfully request the CEQA Appeal be heard and decided on March 21, 2017.

If you have any questions, please do not hesitate to contact me at (415) 273-9670.

Very truly yours,



Alexis M. Pelosi