

**CALIFORNIA ENVIRONMENTAL QUALITY ACT FINDINGS IN  
CONNECTION WITH THE APPROVAL OF BUSINESS TERMS OF BINDING AGREEMENT  
TO LEASE AND GROUND LEASE, 55 LAGUNA STREET, SAN FRANCISCO CA, BERKELEY  
CAMPUS**

**I. APPROVAL OF 55 LAGUNA STREET MIXED USE PROJECT AND CONSIDERATION OF CERTIFIED FINAL ENVIRONMENTAL IMPACT REPORT**

The findings set forth below are made for the approval of the 55 Laguna Street Mixed Use project (the "Project"). Pursuant to the California Environmental Quality Act, Public Resources Code Sections 21000 *et seq.* ("CEQA") and the State CEQA Guidelines, Title 14, California Code of Regulations, Sections 15000 *et seq.* ("CEQA Guidelines"), The Board of Regents of the University of California ("the University") has considered the 55 Laguna Mixed Use Project Final Environmental Impact Report ("FEIR"), State Clearinghouse Number 2005062084, that was certified by the San Francisco Planning Commission on January 17, 2008 (Planning Department Case No. 2004.0773E) and the associated CEQA findings adopted by the San Francisco Board of Supervisors ("the Board") as lead agency for the Project on April 8, 2008. The City and County of San Francisco filed a Notice of Determination for the Project on April 28, 2008. The University, acting as a Responsible Agency finds that the all potential environmental effects of the 55 Laguna Street Mixed Use Project and a reasonable range of alternatives to the project as proposed were adequately evaluated in the FEIR and that no further environmental review pursuant to CEQA Section 21166 and CEQA Guidelines Section 15162 is required. The FEIR contains the environmental analysis and information necessary to support approval of the Project, as set forth in Section III, below.

**II. FINDINGS SUPPORTING PROJECT APPROVAL**

The University has received, reviewed, and considered the information contained in the 55 Laguna FEIR prior to taking the actions set forth in Section III below. The following Findings are hereby adopted by the University in conjunction with the approvals set forth in Section III, below.

**A. Project Description**

The project analyzed in the EIR would allow for the construction, on an approximately 236,113 square-foot site encompassing Assessor's Blocks/Lots: 870/1, 2 and a portion of Lot 3; and 857/1 & 1A, a moderate density mixed use development of approximately 330 dwelling units proposed by AF Evans Development, Inc. ("Evans"), approximately 110 affordable senior dwelling units by openhouse welcoming to the lesbian, gay, bisexual and transgender (LGBT) senior community and all seniors on land subleased from Evans, approximately 12,000 square feet of community facility space, and approximately 5,000 occupied square feet of neighborhood-serving retail space in a total of 10 buildings on the Property. Not less than 15% of the dwelling units developed by Evans (and as many as 20% if state tax-exempt bond financing is allocated to the Project) will be affordable units under the City's inclusionary housing ordinance. The

approximately 110 senior dwelling units developed by openhouse would be 100% affordable at 50% of San Francisco median income.

The Project will also include approximately 90,690 square feet of parking in two underground garages and 14 surface spaces which would be on Micah Way or Lindhardt Lane (two proposed private alleys), for a total of approximately 310 spaces, and approximately 35,000 square feet of publicly accessible open space, created by the reintroduction of the Waller Street right-of-way and a community garden (in addition to private and common open space for residents) in a P (Public) District. The Project would also include General Plan amendments, the rezoning of the Property from P (Public) to RM-3 and NC-3 Districts and the Laguna, Haight, Buchanan and Hermann Streets Special Use District (the "SUD"), an ordinance to create the SUD as proposed Planning Code Section 249.32, and reclassification of the height and bulk districts from 40-X and 80-B to 40-X, 50-X and 85-X Height and Bulk Districts.

The Project would result in the adaptive reuse of three City landmark buildings, the demolition of the heavily altered Middle Hall, the one-story Administration Wing of Richardson Hall, and the retaining walls along Laguna and Haight Streets, and the construction of seven new buildings.

**B. Environmental Review Process**

A Notice of Preparation ("NOP") and Public Scoping Meeting was issued by the Planning Commission on June 15, 2005, and was circulated for public comments. A scoping meeting was held on June 29, 2005, to provide the public with an opportunity to comment on the scope and content of the EIR. Based on the comments received, the Planning Department determined that the Initial Study, published on May 6, 2006, was the best means to focus the scope of the Environmental Impact Report (EIR) to analyze the environmental impacts of the Project in accordance with the California Environmental Quality Act. On January 27, 2007, the Planning Department published the Draft EIR and provided public notice of the availability of the Draft EIR for public review and comment. The public comment period for the Draft EIR ran from January 27, 2007 through May 2, 2007.

A Notice of Completion ("NOC") and copies of the Draft EIR were distributed to the State Clearinghouse on January 27, 2007, as well as local and State responsible and trustee agencies. A Notice of Availability ("NOA") for the Draft EIR was distributed to all responsible and trustee agencies, other local and Federal agencies, interested groups, organizations, and individuals on January 27, 2007. The NOA was also sent to all tenants and property owners within a 300 foot radius of the subject property, anyone who had requested to be included on the mailing list for the proposed project, and local media and community groups.

The San Francisco Planning Commission ("Planning Commission") held a duly advertised public hearing on said Draft EIR on April 19, 2007, at City Hall. At this hearing, opportunity for public comment was given, and public comment was received on the Draft EIR. The period for acceptance of written comments ended on May 2, 2007. The Planning Department prepared responses to comments on environmental issues received at the public hearing and in writing, prepared revisions to the text of the Draft EIR in response to comments received or based on additional information that became available during the public review period. This material was presented in the "Comments

and Responses,” published on November 29, 2007, was distributed to the Planning Commission and to all parties who commented on the Draft EIR, and was available to others upon request at the Planning Department’s office. A Final EIR was prepared by the Planning Department, consisting of the Draft EIR, any consultations and comments received during the review process, any additional information that became available, and the Comments and Responses (“Final EIR”).

On January 17, 2008, the Planning Commission reviewed and considered the Final EIR, and found in Motion No. 17532 that the contents of said report and the procedures through which the EIR was prepared, publicized and reviewed comply with the provisions of CEQA, the CEQA Guidelines and Chapter 31. On March 4, 2008, the Board affirmed the Planning Commission’s certification of the Final EIR.

**C. Board of Supervisors Actions**

The Board carried out various actions (“Actions”), in furtherance of the Project, which included the following:

1. General Plan Amendments.
2. Adoption of the rezoning of the Project site from P (Public) to RM-3 and NC-3.
3. Reclassification of the Height and Bulk Districts from 40-X and 80-B to 40-X, 50-X and 85-X.
4. Creation and designation of the Laguna, Haight, Buchanan and Hermann Streets Special Use District (“SUD”), Planning Code Section 249.32.

**D. Findings Regarding Environmental Effects of the Project**

The EIR identified potential environmental impacts in the areas of construction air quality, wildlife, hazards, archeological resources which could be mitigated to a less than significant level. The EIR also identified significant environmental impacts to historic resources which could not be fully mitigated and are unavoidable. These impacts and the associated mitigation measures are described in detail in the Initial Study, published on May 6, 2006 and the FEIR.

**Construction Air Quality:** The demolition, excavation, grading, foundation and other ground-disturbing construction activity would temporarily affect localized air quality for up to about 36 months, causing a temporary increase in particulate dust and other pollutants. Mitigation Measure 1 in the FEIR identifies measures supported by the Bay Area Air Quality Management District, such as site watering for dust control, minimizing the idling of construction vehicles, among others, that would reduce such impact to a less-than-significant level.

**Wildlife:** While according to the biological assessment, no rare, threatened, or endangered species are known to exist nor were observed on the project site, the EIR noted that approximately 60 trees located toward the center of the project site would be removed. These trees may provide nesting habitat for raptors or other special-status bird species that could be adversely impacted if the trees were removed during nesting season, and if active nests were present. Mitigation Measure 2 requires that all demolition

activities including the removal of trees or shrubs occur during the non-breeding season (August 1 through January 31). If this proves infeasible for any reason, a qualified wildlife biologist shall conduct predemolition surveys of all potential potential special-status bird nesting and if evidence of such nesting is identified, the Project Sponsor would coordinate with the California Department of Fish and Game to establish no-disturbance buffer zones to protect any nests and fledglings. The mitigation would reduce the impact to a less-than-significant level.

**Hazards:** As part of a Limited Phase II Environmental Site Assessment near surface soil samples were collected from eight shallow borings drilled throughout the project site. Samples from one boring indicated an elevated level of lead concentration of 350 mg/kg. Additionally, serpentinite encountered in some borings contain natural asbestos fibers, which could pose a health risk if airborne. Addition, the FEIR identified that some of the existing building materials contain asbestos and lead-based paint. As a result of these findings, Mitigation Measure 3 requires the a soil management plan (SMP) and a Health and Safety Plan (HSP) be completed prior to construction. The SMP would segregate any Class I from Class II or III fill material and isolate fill material from native soil. The HSP would outline the proper handling procedures and health and safety requirements to minimize worker or public exposure to hazardous materials during constructions. The mitigation would reduce the impact to a less-than-significant level.

**Archeology:** While there are no known archeological resources on the project site, a archeological research and design and treatment plan (ARDTP) identified a number of potential resources which may be discovered during project construction. Such resources could include prehistoric Native American cultural deposits and/or human remains and refuse from either the Protestant Orphan Asylum (1854 – c. 1919) or San Francisco State Normal School (1880 --1920). Mitigation Measure 4 requires the Project Sponsor to retain the services of a qualified archeological consultant having expertise in California prehistoric and urban historical archeology. The archeologist would undertake a testing program as described in further detail in the FEIR and be available to conduct an archeological monitoring and/or data recovery program if required pursuant to the measure. The mitigation would reduce the impact to a less-than-significant level.

**Historic Resources:** The project site contains four buildings that were built between 1924 and 1935, including Richardson Hall, Woods Hall, Woods Hall Annex, and Middle Hall. These building have been the subject of a Historic Resource Evaluation (HRE) that analyzed the potential historical and architectural significance of these buildings and extensive review by City staff and boards and considerable public comment. The City of San Francisco ultimately designated three of the four buildings, Richardson Hall, Woods Hall and Woods Hall Annex City Landmarks. In January 2008, the site was listed on the National Register of Historic Places with the four buildings and the retaining wall structure described as contributing structures. The project would result in demolition of Middle Hall, a portion of Richardson Hall (the Administration Wing) and the retaining wall. Woods Hall and the southern wing of Richardson Hall would be rehabilitated to provide residential units. A portion of Richardson Hall would be converted into retail space, and Woods Hall Annex would be converted into community facility space. The retail space in the basement level of Richardson Hall would necessitate new openings in the retaining wall to allow access to this use.

The FEIR includes a variety of measures to reduce the impact of the project upon historic resources including: Mitigation Measures HR-1 (HABS Level Recordation), HR-2 (Interpretative Display), HR-3 (Preservation Architect), HR-4 (Mural Identification, Testing, and Restoration Procedures) and HR-5 (Arborist). However, these measures

would not totally mitigate the historic resource impacts and the FEIR found that certain historic resource impacts were significant and unavoidable.

**E. Findings Regarding Project Alternatives**

The EIR concluded that the project will have significant unmitigated environmental impacts to the site's historic resources. Alternatives to the Project that could reduce or eliminate this impact were discussed and analyzed and analyzed in the 55 Laguna FEIR. The University reviewed and considered the information on the alternatives provided in the 55 Laguna EIR and in the record. The University finds that the alternatives to the Project would not meet the objectives of the project sponsors and that the Project provides the best balance between satisfaction of the project objectives and the mitigation of environmental impacts to the extent feasible, as described and analyzed in the EIR.

The objectives of the University are:

1. Convey the property to a development team qualified to develop the property in a financially feasible manner that contributes to the quality of life of the surrounding neighborhood and the City of San Francisco.
2. Retain the existing UCSF Dental Clinic.
3. Fulfill fiduciary responsibility to receive fair market value return on University assets in order to support the University's academic mission.

The objectives of Evans and openhouse are:

1. Provide moderate-density housing near downtown and accessible to various modes of public transit, thereby implementing the objectives of the General Plan Housing Element to construct additional residential units in established neighborhoods that will contribute significantly to the City's housing supply.
2. Provide a variety of housing types for a broad range of households, including studio, one-bedroom and multi-bedroom units and including below market rate units pursuant to the inclusionary affordable housing requirements of Sections 315-315.9 of the Planning Code.
3. Develop a mixed-use project that is generally consistent with the objectives and policies of the Market and Octavia Area Plan and with the Planning Department's Policy Guide to Considering Reuse of the University of California Berkeley Extension Laguna Street Campus (December 2004).
4. Provide residential units in several different buildings, including both adaptive re-use of portions of the existing on-site buildings and in new construction, in order to provide a variety of architectural expressions and lifestyle choices.
5. Provide affordable senior dwelling units welcoming to the lesbian, gay, bisexual, and transgender (LGBT) senior communities and all seniors, combined with comprehensive social, educational, and health services for seniors both in residence and from the community at large.

6. Seismically retrofit and adaptively reuse the majority of the existing buildings on the site where feasible.
7. Reintroduce the former Waller Street right-of-way as a publicly accessible way through the site to subdivide the site into two development blocks and provide publicly accessible open space.
8. Create neighborhood serving retail space and community serving space to serve the needs of both project residents and area neighbors.
9. Create a series of public, semi-public and private open spaces at the ground level of the project to provide neighborhood open space amenities and pedestrian access through the site, provide protected internal courtyards for use by residents, and to break up the mass of the project into several discrete buildings.
10. Provide adequate on-site parking primarily in underground garages to meet the needs of the project and the UCSF Dental Clinic, while allowing residents the option of not having a parking space should they not desire one.
11. Provide space for an on-site car sharing operation to serve project residents and neighbors.
12. Construct a high-quality residential mixed-use development that produces a reasonable return on investment for the project sponsors and their investors and is able to attract equity investors, construction, and permanent financing.

Pursuant to CEQA, the University considered the following alternatives to the Project described in the FEIR, which would reduce or avoid project-specific and cumulative impacts, and rejected them as infeasible for the reasons set forth below. The University adopts the FEIR's analysis and conclusions regarding alternatives eliminated from further consideration.

**Alternative A**, the “No Project Alternative,” would entail no physical land use changes at the project site. Since the proposed project will have a significant and unmitigated environmental impact to historic resources, the EIR described and evaluated the potential environmental effects of Alternative A. Under this Alternative, the former UC buildings on the project site would remain locked and vacant as they are currently, with the exception of the UC Dental Clinic, which would continue to operate as a UCSF facility. The parking areas in the center of the site would remain used for UC and CPMC Davies parking purposes only, as under current conditions. All other portions of the site would remain off-limits to the general public. This alternative assumes that UC would perform minimal maintenance on the vacant buildings for safety and security purposes, but would not make wholesale improvements or renovations to them.

Under this Alternative, the approximately 330 dwelling units and 110 affordable senior dwelling units would not be developed. In addition, the site would not have the on-site social services for seniors in the neighborhood and citywide nor would the neighborhood benefit from the 35,000 square feet of publicly accessible open space, the 12,000 square-foot community center or the 5,000 square-foot neighborhood-serving, retail use.

The No Project Alternative is hereby found by the University to be infeasible and is rejected because it would not provide the significant benefits of the proposed project (as detailed in Section 6), but would instead likely result in the property remaining vacant for an indefinite period of time, resulting in continuing deterioration of the three City landmarks on the site and continuing safety and security problems for neighbors.

The No Project Alternative is also inconsistent with many of the objectives and goals of the City's General Plan, as set forth in the Findings adopted by the City in connection with its approval of the Project. Alternative A is also infeasible because it fails to achieve the Project Sponsors' objectives, including but not limited to:

1. This alternative would not convey the property to a development team qualified to develop the property in a financially feasible manner that contributes to the quality of life of the surrounding neighborhood and the City of San Francisco, and would not fulfill the University's fiduciary responsibility to receive fair market value return on University assets in order to support the University's academic mission.
2. This alternative would not result in the development of a moderate density, mixed use residential project, and thus would conflict with the objective of the project sponsors to provide such housing near downtown that is accessible to various modes of public transit. It would also conflict with the sponsors' objective to develop a project consistent with the Market & Octavia Area Plan and with the Planning Department's Policy Guide to Considering Reuse of the University of California Berkeley Extension Laguna Street Campus.
3. This alternative would not satisfy the project sponsors' goal of providing affordable senior dwelling units welcoming to the lesbian, gay, bisexual, and transgender (LGBT) senior communities, combined with social, services for LGBT seniors both in residence and from the community at large.
4. This alternative would preclude satisfaction of the sponsors' objective of providing a variety of housing types for a broad range of households, including below market rate units pursuant to Planning Code Section 315, the City's inclusionary housing ordinance.
5. This alternative would not result in the adaptive reuse, including the seismic upgrade, of the existing buildings. By leaving buildings in their current underused state, this alternative may impede the Regents' goal of receiving fair market value for the site in the future.
6. This alternative would not meet the project sponsors' objective of reintroducing the former Waller Street right-of-way as a publicly accessible way. It would also provide less publicly accessible open space than the project which could be used by existing neighborhood residents and programs.
7. Because this alternative leaves intact a vacant and underutilized educational facility, the surrounding neighborhood-serving businesses will have fewer customers than would be generated by the project.

8. Without the project, the sponsors' objective of providing the neighborhood residents a community center for social, cultural and educational programming would not be met.
9. This alternative would not meet the project sponsors' objective of underground parking for the project and the existing UC Dental Clinic. It would also not provide the spaces for carshare organizations that could be used by neighbors as well as residents.
10. Without the density provided by the seven new buildings and three adaptively reused buildings, the project sponsors' objective of earning a reasonable return on their investment so that equity investors, construction, and permanent financing could be obtained would not be met.

**Alternative B**, the "Preservation Alternative," would retain all buildings on the site for renovation and adaptive reuse, including the 3 landmark buildings-- Richardson Hall (including its one-story Administration Wing), Woods Hall, Woods Hall Annex, and Middle Hall and the retaining wall along Laguna and Haight Streets, which would be demolished under the project. This alternative would construct new in-fill residential uses in a manner similar to the proposed project, yet at a reduced size and density; up to 253 dwelling units and about 79 affordable senior dwelling units and approximately 335 parking spaces, for a 1:1 parking ratio. This alternative would provide 10,000 square feet of community space, to be located entirely within Middle Hall, and up to 5,000 square feet of retail space, to be located at the basement (ground floor) level of Richardson Hall. This alternative would result in six new buildings, compared to the proposed project's seven. In contrast to the project, this alternative would restrict vehicular access through the site by eliminating the through streets Lindhardt Lane and Micah Way. The parking garage access driveways would remain at Laguna and Waller Streets, as well as on Hermann and Buchanan Streets. The proposed openhouse building would be constructed in a new courtyard immediately behind Richardson Hall, and would be eight stories or approximately 80 feet in height. All other new buildings would be between three to four stories, or a maximum of approximately 40 feet in height, consistent the site's existing 80-B and 40-X Height and Bulk District. All existing historic buildings would be upgraded for ADA and seismic code compliance.

Generally, Alternative B would have similar environmental effects as the proposed project except that it would reduce the project impacts to historical resources to a less-than-significant level. This alternative would retain all buildings that the Planning Department has identified as being individually eligible for listing on the California Register of Historical Resources (CRHR), including Richardson Hall in its entirety, Woods Hall and Woods Hall Annex, as well as the contributors to a National Register campus historic district, which include Middle Hall, the retaining wall along Laguna and Haight Streets, and much of the associated landscaping from the period of significance (1921 to 1955). By eliminating the through-streets of Lindhardt Lane and Micah Way and reducing the overall scale and density of the development from up to 440 residential units to 332 units (a 25 percent reduction in density), this alternative would additionally reduce the potential project impacts to the site as a National Register campus historic district to a less-than-significant level.



Since the proposed project will have significant and unavoidable environmental impacts to historic resources, the EIR presented and analyzed this Alternative B. Specific economic, social, environmental, technological, legal or other considerations make infeasible the Preservation Alternative identified in the EIR for the reasons set forth below.

Alternative B is hereby found by the University to be infeasible and is rejected because it would not achieve many of the key objectives of the proposed project, and because it would create fewer dwelling unit, fewer inclusionary below market rate units, fewer affordable senior dwelling units and less publicly accessible open space, and be less consistent than the proposed Project with many of the objectives and goals of the City's General Plan as set forth in the Findings adopted by the City in connection with its approval of the Project. Alternative B is also found infeasible and rejected because it would not meet the Project Sponsors' objectives, including, but not limited to:

1. Because this alternative would produce 23% fewer family dwelling units — 253 dwelling units in Alternative B as compared to 330 dwelling units in would not meet the project sponsors' objective of providing moderate density housing near downtown to the same extent as the Proposed Project.
2. Because this alternative would result in a parking ratio of 1:1, this alternative would not meet the project sponsors' objective of developing a mixed use project that is consistent with the Market & Octavia Area Plan, which encourages parking ratios of less than 1:1.
3. Because this alternative would result in 79 affordable senior dwelling units, rather than approximately 110 affordable senior dwelling units in the proposed project, it would not contribute to the City's supply of affordable senior dwelling units as well as the proposed project. In addition, because the openhouse building would not have any street frontage (instead being located in a courtyard behind the Administration Wing of Richardson Hall), the accessibility of the openhouse building to both residents and other seniors in the community attempting to access the services to be located in the openhouse building would be reduced and detract from the mission of the non-profit service coordinator, openhouse.
4. Because this alternative would result in a commensurately smaller project, with fewer dwelling units, it would not meet the project sponsors' objective of constructing a high-quality development at a reasonable cost that can attract equity investors, construction, and permanent financing. This conclusion was supported by the Alternatives Feasibility Analysis prepared by AF Evans, dated November 19, 2007, and found in Planning Department case file No. 2004.0773EC. For the purposes of analysis, it assumed that the openhouse building would be separately financed with a combination of federal, state and local subsidies available for affordable senior dwelling units, such that its contribution to land costs (including its pro rata share of site improvement costs) would remain the same in residential alternatives as in the proposed project, at \$6,640,000.
5. Seifel Consulting, Inc., ("Seifel"), real estate economists was retained in February 2008 to review on behalf of the Board the accuracy of the assumptions and

conclusions of the revised Alternatives Feasibility Analyses prepared by AF Evans, submitted January 3, 2008, found in Planning Department case file No. 2004.0773EC, that considered the option of utilizing Low Income Housing Tax Credits and Historic Preservation Tax Credits. In its report, entitled “Review of 55 Laguna Street Project and Project Alternatives,” dated February 25, 2008, and found in Planning Department case file No. 2004.0773EC, Seifel evaluated the financial analysis that AF Evans performed on each of four alternatives, including a Modified Preservation Alternative (“D”) addressed in the Comments and Responses document. Seifel reviewed the projected sources and uses for each alternative, and then performed more detailed analysis on the supporting documentation and methodology that AF Evans used to project development costs, revenues, operating expenses, and financing/equity terms. It reviewed the underlying assumptions and methodology that AF Evans used to evaluate for the preferred and alternative projects, including Alternative B.

6. Seifel found that AF Evans’ estimates are reasonable on balance and concurred with AF Evans that Alternative B requires equity investments that are unsupported given private equity underwriting requirements. Use of Low Income Housing Tax Credits and Historic Preservation Tax Credits for Alternative B would raise approximately \$5,779,665 in additional equity for the Preservation Alternative. The remaining balance between the \$139,177,693 costs and the permanent debt (\$84,265,032), after contribution of tax credits (\$5,779,665), and openhouse (\$6,640,000), would need to be met by an equity investor. With the utilization of both sets of tax credits, the estimated value of the property in 2020 would cover the debt on the property, and the net gain (or IRR – internal rate of return) to the investor would be estimated at \$2,691,192. Equity as a percentage of construction loan would be 30%. As investors typically look for this percentage to not exceed 15-20%, investors would be unlikely to invest in the Preservation Alternative B, even with the use of Low Income Housing Tax Credits and Historic Preservation Tax Credits.

The University accepts the independent analysis of Seifel and concurs in the conclusion that Alternative B is financially infeasible. Because it would be infeasible for the Project Sponsor or any other developer to construct this alternative, Alternative B would not result in the conveyance of the property to a development team qualified to develop the property in a financially feasible manner, and thus would not fulfill the University’s fiduciary responsibility to receive fair market value return on University assets in order to support the University’s academic mission. Because it would be infeasible for the Project Sponsor or any other developer to construct this alternative, openhouse would not be able to sublease a portion of the site to construct its proposed residential care facility or dwelling units welcoming to LGBT seniors.

Because the Preservation Alternative is financially infeasible and is unlikely to be implemented, it would not provide the significant benefits of the proposed project and may result in the property remaining vacant for an indefinite period of time, resulting in continuing deterioration of the three City landmarks on the site and continuing safety and security problems for neighbors.

**Alternative C**, the “New College of California/Global Citizen Center Concept Plan (“NC/GCC”) Alternative,” would retain the project site under its existing P (Public)

Zoning District and 80-B and 40-X Height and Bulk District, retain and reuse all existing historic buildings on the project site, and construct new classroom, student and faculty housing and non-profit commercial uses, parking and open space uses. This alternative assumes that a private, non-profit educational institution in partnership with a non-profit green business organization, such as the New College of California and the Global Citizen Center (NC/GCC), would construct a new mixed use campus on the project site. NC/GCC would either purchase the subject property from the University of California or ground lease the property from the University. Under this Alternative C, New College would be accommodated primarily within the existing buildings of Richardson Hall, Middle Hall, Woods Hall, and Woods Hall Annex. These buildings would be reused for educational and community serving purposes, and would undergo seismic and accessibility upgrades. Most of the GCC's programs would be in three new buildings to be constructed toward the center of the site, totaling approximately 227,000 square feet of new construction. The GCC buildings would be between two-to-four stories in height above parking.

The GCC facilities would include the following uses: commercial office for nonprofit organizations and socially responsible Green Enterprises, supportive tenant and community services including a business incubator and a multi-media production studio, event and meeting venues for conferences and lectures, exhibition space for educational installations, a Green action center, and a mix of Green retail goods and services. This Alternative C would accommodate 243 total parking spaces, including 51 spaces for the Dental School, 12 spaces for car share organizations, 65 for a daycare facility, and 115 spaces to be shared by the NC/GCC. Similar to the proposed project, a pedestrian path would reestablish the former Waller Street right-of-way through the site, from Buchanan Street to Laguna Street. Generally, Alternative C would have similar environmental effects as the proposed project, but would have fewer impacts to historic resources than the proposed project. Alternative C would however generate more traffic than the proposed project but would provide fewer parking spaces to accommodate the heightened parking demand.

Alternative C is hereby found by the University to be infeasible for specific economic, social, environmental, technological, legal or other considerations and is rejected because it would not achieve the key objectives of the proposed project, and because it would create fewer dwelling unit, fewer inclusionary below market rate units, and no affordable senior dwelling units, and is less consistent than the proposed Project with many of the objectives and goals of the City's General Plan forth in the Findings adopted by the City in connection with its approval of the Project. Alternative C is also found infeasible and rejected because it would not meet the Project Sponsors' objectives, including, but not limited to:

1. Because this alternative would be developed by NC/GCC, the Regents' objective of conveying the property to a qualified development team may not be fulfilled under this alternative since NC/GCC has no track record as a developer of such a project
2. Because this alternative would produce commensurately fewer dwelling and no affordable senior dwelling units than the proposed project — 90 units as compared to 440 units — it would not meet the project sponsors' objective of providing a moderate density residential development near downtown.

3. Because the only housing proposed under this alternative is student and faculty housing, this alternative would not meet the project sponsors' objective of providing a variety of housing types for a broad range of households.
4. Because the only housing proposed under this alternative is student and faculty housing, this alternative would not meet the project sponsors' objective of providing affordable senior dwelling units welcoming to the LGBT community and their friends.
5. According to the Alternatives Feasibility Analysis prepared by AF Evans, dated November 19, 2007, and found in Planning Department case file No. 2004.0773EC, the estimated construction cost of the NC/GCC Alternative is roughly \$82,000,000. Based on the estimated enrollment (1,649 students) and faculty numbers (94 full time staff), New College would be able to support approximately \$37,700,000 in debt. This leaves a gap of approximately \$60,600,000 that the College and GCC would have to fundraise in a capital campaign. Such a capital campaign appears highly unlikely to succeed given that New College is experiencing financial and accreditation challenges.
6. On January 3, 2008, AF Evans submitted a revised Alternatives Feasibility Analysis, found in Planning Department case file NO. 2004.0773EC, that considered the option of utilizing Historic Preservation Tax Credits to raise approximately \$1,231,108 in additional equity for the NC/GCC Alternative, which would reduce the funding gap from \$60,600,000 to \$59,383,435 that the College and GCC would have to fundraise in a capital campaign appears highly unlikely to succeed given that New College is experiencing financial and accreditation challenges.
7. Seifel Consulting, Inc., real estate economists ("Seifel"), were retained in February 2008 to review on behalf of the Board the accuracy of the assumptions and conclusions of the Alternatives Feasibility Analyses prepared by AF Evans Development, Inc. In its report, entitled "Review of 55 Laguna Street Project and Project Alternatives," dated February 25, 2008, and found in Planning Department case file No. 2004.0773EC, Seifel evaluated the financial analysis that AF Evans performed on each of the four alternatives, including Alternative C. It first reviewed the projected sources and uses for each alternative, and then performed more detailed analysis on the supporting documentation and methodology that AF Evans used to project development costs, revenues, operating expenses, and financing/equity terms. It reviewed the underlying assumptions and methodology that AF Evans used to evaluate for the preferred and alternative projects. In its conclusion, Seifel found that AF Evans' estimates are reasonable on balance and concurred with AF Evans that Alternative C's net operating income would be insufficient to support the kind of debt necessary to pay for the rehabilitation and development of the campus. The University accepts the independent analysis of Seifel and concurs in its and AF Evans' conclusion that Alternative C is financially infeasible.
8. Both New College and the Global Citizens Center have stopped actively pursuing this alternative, and no other institution has expressed an interest in pursuing this alternative. Although Academy of Art University has recently been suggested as

such a possible institution, there is no extant documentation of interest from the university, and thus further consideration would be wholly speculative.

- 9 . Because it would infeasible for New College and GCC (or any other educational user) to construct this alternative, it would not result in the conveyance of the property to a development team qualified to develop the property in a financially feasible manner, and thus would not fulfill the University's fiduciary responsibility to receive fair market value return on University assets in order to support the University's academic mission.
10. Because this alternative does not provide land for construction of a senior residential care facility or affordable senior dwelling units, openhouse's objective of subleasing a portion of the site to construct its proposed residential care facility or affordable senior dwelling units welcoming to LGBT seniors would not be fulfilled.

Because the NC/GCC Alternative is financially infeasible and is unlikely to be implemented, it would not provide to the City the significant benefits of the proposed project (as detailed in Section 6), but may likely result in the property remaining vacant for an indefinite period of time, resulting in continuing deterioration of the three City landmarks on the site and continuing safety and security problems for neighbors.

**Alternative D**, the "Modified Preservation Alternative," was presented to the Planning Commission January 17, 2008, in the certification hearing and to the Board in the appeal of the Final EIR certification on February 6, 2008, by Save the Laguna Street Campus. As submitted, Alternative D includes an axonometric drawing prepared by Alan W. Martinez, AIA, stating that it would accommodate 450 units. Alternative D would retain all buildings on the site for renovation and adaptive reuse, including the 3 landmark buildings-- Richardson Hall (including its one-story Administration Wing), Woods Hall, Woods Hall Annex, and Middle Hall and the retaining wall along Laguna and Haight Streets, which would be demolished under the project. This alternative would construct new in-fill residential uses in several mid-rise buildings and 4-story buildings for a total of 450 units, in an unknown combination of family dwelling units and/or senior dwelling units, with an unknown number of parking spaces and an unknown amount of community facility space and retail space. It is difficult to evaluate fully the merits or feasibility of the Modified Preservation Alternative, due to its lack of details such as floor plans, elevations, building heights, uses, parking ratios and other development details. Nonetheless, the discussion below sets forth the University's consideration of the Modified Preservation Alternative to the extent possible.

Generally, Alternative D would have similar environmental effects as the proposed project except that it would reduce the project impacts to historical resources to a less-than-significant level. However, it would have different and possibly greater non-significant visual quality impacts because the height of at least one project building appears to be taller than any of the buildings in the proposed project. This alternative would retain all buildings that the Planning Department has identified as being individually eligible for listing on the California Register of Historical Resources (CRHR), including Richardson Hall in its entirety, Woods Hall and Woods Hall Annex, as well as the contributors to a National Register campus historic district, which include Middle Hall, the retaining wall along Laguna and Haight Streets. This alternative would

likely reduce the project impacts to the site as a National Register campus historic district to a less-than-significant level.

Alternative D is hereby found by the University to be infeasible for specific economic, social, environmental, technological, legal or other considerations and is rejected because it would not meet the Project Sponsors' objectives, including, but not limited to:

1. Seifel Consulting, Inc., real estate economists ("Seifel"), were retained in February 2008 to review on behalf of the Board the accuracy of the assumptions and conclusions of the Alternatives Feasibility Analyses prepared by AF Evans. In its report, entitled "Review of 55 Laguna Street Project and Project Alternatives," dated February 25, 2008, and found in Planning Department case file No. 2004.0773EC, Seifel evaluated the financial analysis that AF Evans performed on each of the four alternatives, including Alternative D. It first reviewed the projected sources and uses for each alternative, and then performed more detailed analysis on the supporting documentation and methodology that AF Evans used to project development costs, revenues, operating expenses, and financing/equity terms. It reviewed the underlying assumptions and methodology that AF Evans used to evaluate for the preferred and alternative projects. The University concurs with the Board's findings regarding the Seifel report.
2. Seifel found that AF Evans' estimates are reasonable on balance and concurred with AF Evans that Alternative D requires equity investments that are unsupportable given private equity underwriting requirements. On February 20, 2008, AF Evans assigned certain assumptions as to building height, type of construction, unit sizes, parking ratios and other development parameters to the Modified Preservation Alternative. The Modified Preservation Alternative was assumed to be more expensive than the proposed project to construct because more units would be in mid-rise concrete buildings (rather than less expensive wood frame structures) and both Middle Hall and the Administration Wing of Richardson Hall would need to be rehabilitated. The Modified Preservation Alternative Feasibility Analysis estimated the total construction cost (excluding the openhouse building) of Alternative D as \$206,967,765. Alternative D could support a permanent debt amount of \$129,334,164, and Low Income Housing Tax Credits and Historic Preservation Tax Credits could raise approximately \$7,774,792 in additional equity. The remaining balance between the costs and the permanent debt, less the openhouse contribution, would need to be met by an equity investor. It is assumed that the openhouse building would be separately financed with a combination of federal, state and local subsidies available for affordable senior dwelling units, such that its contribution to land costs (including its pro rata share of site improvement costs) would remain the same in Alternative D as in the proposed project. With potential tax abatements provided to the community center to help defray operating expenses, in 2020, the estimated value of the property would cover the debt on the property, but not show a return to the investor, resulting in a loss of \$12,348,160. At the initial investment, equity as a percentage of the construction loan would be 33%. As investors typically look for this percentage to not exceed 15-20%, investors would be unlikely to invest in the Modified Preservation Alternative D, even with the use of Low Income Housing Tax Credits and Historic Preservation Tax Credits. It is reasonable to expect

Alternative D, including its affordable senior housing component on land subleased from Evans, would not be implemented.

3. The University accepts the independent analysis of Seifel and concurs in its and AF Evans' conclusion that Alternative D is financially infeasible.
4. Because it would be infeasible for the Project Sponsor or any other developer to raise investment equity to construct this alternative, Alternative D would not result in the conveyance of the property to a development team qualified to develop the property in a financially feasible manner, and thus would not fulfill the University's fiduciary responsibility to receive fair market value return on University assets in order to support the University's academic mission.
5. Because it would infeasible for the Project Sponsor or any other developer to construct this alternative, openhouse would not be able to sublease a portion of the site to construct its proposed residential care facility or dwelling units welcoming to LGBT seniors.

Because the Modified Preservation Alternative is financially infeasible and is unlikely to be implemented, it would not provide the significant benefits of the proposed project and may result in the property remaining vacant for an indefinite period of time, resulting in continuing deterioration of the three City landmarks on the site and continuing safety and security problems for neighbors

**F. Findings Regarding Mitigation Measures**

The potentially significant impacts of the project that will be mitigated through implementation of mitigation measures include construction air quality, wildlife, hazards, and archaeological resources.

1. The Project Sponsors have agreed to implement all mitigation measures identified in the Final EIR, and the Board concurred with the Commission to impose those mitigation measures as conditions of approval, attached to its Motion. No. 17537.
2. Pursuant to CEQA Section 21081.6, adopted mitigation measures will be implemented and monitored as described in the Mitigation Monitoring and Reporting Plan that is attached hereto and incorporated herein by reference.
3. The required mitigation measures and their implementation through the mechanisms described in the Mitigation Monitoring and Reporting Plan, dated April 8, 2008, are fully enforceable and are included as conditions of approval in the Planning Commission's Planning Code Section 712.11, 712.21, 209.4, 249.32, 303, and 304 proceeding or will be enforced through inclusion as conditions of approval in any demolition or building permits issued for the Project by the San Francisco Department of Building Inspection.
4. With the required mitigation measures, all potential project impacts except historic resources would be avoided or reduced to a less-than-significant level.

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 University finds that these mitigation measures will be effective to reduce or avoid the potentially significant impacts as described in the EIR, and 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. Further, the University finds that the Mitigation Monitoring and Reporting Program is designed to ensure compliance with the mitigation measures that are identified in this section. The attached Mitigation Monitoring and Reporting Plan was adopted by the City and can and will be implemented by the appropriate agencies, including the City.

**G. Findings Regarding the Unavoidable Significant Effect on Historic Resources**

In certifying the 55 Laguna Mixed-Use Project Final EIR and based on substantial evidence in the whole record, the Planning Commission found that, with implementation of the mitigation measures described in the Final EIR and set forth in the Mitigation Monitoring and Reporting Plan, potentially significant impacts due to the Project individually and cumulatively, except as to historic resources, would be reduced to a less-than-significant level or eliminated. However, because of the unmitigable impact to historic resources, the proposed project would result in significant unavoidable impacts that could not be reduced to an insignificant level through implementation of mitigation measures.

Accordingly, pursuant to Section 21067 of CEQA and Sections 15040, 15081, and 15082 of the State CEQA Guidelines, the Planning Commission found that the proposed project would result in three impacts that cannot be avoided if the proposed project is implemented; 1) the substantial alteration or demolition of existing structures which qualify as historical resources under CEQA (Administration Wing of Richardson Hall, Middle Hall and the Laguna Street retaining wall), 2) project site may no longer be eligible as a National Register campus historic district after completion of the project, and 3) rezoning of the project site would have significant impacts to historic resources that are similar to those of the proposed project. The Planning Commission further found that although Mitigation Measures HR-1 (HABS Level Recordation), HR-2 (Interpretative Display), HR-3 (Preservation Architect), HR-4 (Mural Identification, Testing, and Restoration Procedures) and HR-5 (Arborist) have been recommended to reduce the project impacts to historic resources, they would not avoid the impacts entirely, in which case the impacts would remain significant and unavoidable if the project were implemented. The University concurs in these findings of the Commission.

**H. Findings Regarding the Overriding Benefits of the Project**

Pursuant to CEQA Guidelines Section 15093, the University has considered the following benefits provided by the project:

1. The project will provide approximately 330 family dwelling units of varying sizes, not less than 15% of which will be affordable under Planning Code Section 315. It is currently contemplated that all of these units will be held as rental units because the ground will be leased from the University of California, making sale of condominiums units unlikely. Very few rental projects, especially ones containing family units, have been developed in San Francisco in the recent past.



The project sponsor has also committed to seeking California Debt Limit Allocation Committee (CDLAC) bond financing for the project, which if allocated, would result in 20% of the family dwelling units be affordable to households earning up to 50% of area median income.

2. The project will provide approximately 110 affordable senior dwelling units welcoming to LGBT seniors and the citywide senior community. The project will provide on-site support services for this senior population and other seniors residing off-site. No other senior projects in the City are aimed at welcoming this underserved community.
3. An approximately 12,000 square foot community center in a rehabilitated Woods Hall Annex will be available for cultural, social and educational programming to the residents the surrounding Hayes Valley and Lower Haight neighborhood.
4. The project provides approximately 35,000 square feet of publicly accessible open space, including active and passive recreation uses and a community garden, all in excess of the open space required by the Planning Code to be provided to serve on-site uses.
5. To reintegrate this currently walled-off site into the surrounding neighborhood, the project reintroduces the vacated Waller Street right-of-way as publicly accessible open space and introduces two new alleys onto the site, all of which will remain ungated and open to the neighborhood.
6. In furtherance of the Market and Octavia Area Plan's emphasis on transit-dependence and minimum on-site parking, the project results in a parking ratio of approximately .60 space/unit, and meets all of the other parking standards of the Market and Octavia Area Plan.
7. Consistent with the Area Plan's goal of reinvigorating this site and the Hayes Valley neighborhood with infill housing and commercial activity, the site proposes a 5,000 square foot neighborhood serving retail space.
8. The project results in the adaptive reuse of three City landmarks.
9. The Project will generate a variety of fiscal benefits to the City, including possessory interest taxes and sales taxes (on property where no property, possessory interest or sales taxes are now generated).
10. This project is a nationally recognized LEED ND (leadership in energy and environmental design for neighborhood developments) pilot project. LEED ND is a program for certifying outstanding neighborhood scale developments currently being piloted by the United States Green Building Council. It is anticipated that the project is certifiable at the GOLD level. This is primarily due to excellence in site planning, the mix of uses, the transit emphasis, and innovative environmental measure incorporated into 55 Laguna. These measures include:

#### Sustainable Site

- Urban Infill Site utilizing existing infrastructure

- Transit Oriented Development: Direct access to Haight and Market Street Transit lines
- Secure Bicycle Storage
- Reduced parking ratio
- Proposed largest City Car Share pod in the City
- High density mixed use development

Water Efficiency

- Water Efficient Landscaping components
- Seasonal water collection and filtration at Waller Park
- Permeable paving at internal lanes

Energy and Atmosphere

- Energy efficient heating system
- 100% fluorescent lighting
- Cat-V cabling to all units
- Energy Star appliances
- Insulated Windows with low E coating
- Proposed photovoltaic solar electric and solar thermal hot water systems

Materials & Resources

- Storage and collection of Recyclables for residents
- Re-use Existing Buildings
- Divert at least 50% of construction waste from landfills
- High fly-ash concrete mix
- Recycled content carpet and/or natural linoleum flooring

Indoor Environmental Quality

- Natural through ventilation in many units
- Daylight at least 75% of all interior spaces
- Paint, adhesives and sealants with low VOC contents

11. The project is consistent with and implements many objectives and policies of the City's General Plan, especially the Market and Octavia Area Plan Element, as set forth in the Findings adopted by the City in connection with its approval of the Project.

Having considered these Project benefits, the University hereby finds that these specific project benefits outweigh the unavoidable adverse environmental effects to historic resources. The University also finds that there is substantial evidence in the record to find that the four project alternatives described in the EIR—the No Project Alternative, the Preservation Alternative, the NC/GCC Alternative and the Modified Preservation Alternative, are infeasible for the reasons stated above.

**I. Record of the Proceedings**

The public hearing transcript, a copy of all letters regarding the Draft EIR received during the public review period, the administrative record, and background documentation for the Final EIR including all of the documents that comprise the Final EIR are located at the Planning Department, 1650 Mission Street, 4<sup>th</sup> Floor, San

Francisco, California. The Planning Department is the custodian of these documents and materials.

The records pertaining to the Regents' proceedings and approval of the project are located at University of California, Berkeley, 200 A&E Building, Berkeley, California.

**J. Incorporation by Reference**

These finding incorporate by reference the FEIR and the April 8, 2008 Findings of the San Francisco Board of Supervisors in there entirety.

**K. Additional Findings**

1. All project mitigation measures identified in the FEIR within the University's jurisdiction and control, including, specifically Mitigation Measure HR-4, will be implemented by the University. All mitigation measures identified in the FEIR within the jurisdiction and control of the City will be monitored through the City's Mitigation Monitoring Program adopted by the City in connection with its approval of the Project in order to ensure compliance during project implementation..
2. No new information has become available indicating any new or substantially more severe environmental effects with respect to the Project or relating to the feasibility of any mitigation or alternatives to the Project since the City filed a Notice of Determination for approval of the Project on April 24, 2008 and no further environmental review pursuant to CEQA Section 21166 and CEQA Guidelines Section 15162 is required.

**L. Summary**

1. Based on the foregoing Findings and the information contained in the record, it is determined that:
  - a. All Project mitigation measures identified in the FEIR adopted by the City in connection with its approval of the Project are incorporated into the approvals set forth below in Section III, the implementation of which avoid or substantially lessen all potentially significant environmental effects of the Project with the exception of the unavoidable significant effect on historic resources described above in Section II.
  - b. Proposed mitigation measures outside the University's jurisdiction and control can and should be adopted by the appropriate agency, as described above in Section II.
  - c. The FEIR considered a reasonable range of alternatives to the Project, but those alternatives have been found by the University to be infeasible and would not achieve the objectives of the Project, as described above in Section II.

- d. The Project will result in significant benefits which the University has found outweigh the unavoidable significant impact to historic resources, as described above in Section II.
- e. None of the conditions requiring the preparation of supplemental or subsequent CEQA environmental review exist.

**III. APPROVALS**

**The University hereby takes the following actions:**

- A. **Adopts the Findings in their entirety, as set forth in Section II, above.**
  
- B. **Having independently reviewed and considered the FEIR, and adopted the foregoing Findings, the University hereby approves the business terms for the 55 Laguna project, and authorizes the University President to approve and execute a binding agreement to lease, a ground lease and other documents for the construction and operation of a private residential apartment project.**