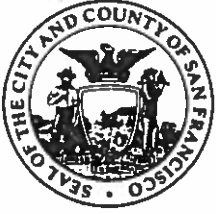


Mayor's Office of Housing and Community Development
City and County of San Francisco



Mark Farrell
Mayor

Kate Hartley
Director

March 7, 2018

Mr. Don Stump
Christian Church Homes
303 Hegenberger Road, Suite 201
Oakland, CA 94621-1419

Re: 250 Laguna Honda Boulevard

Dear Don,

The Mayor's Office of Housing and Community Development (MOHCD) has closely reviewed recent site information provided by Christian Church Homes (CCH) and your development team regarding the proposal to build 150 units of affordable housing for low-income seniors at 250 Laguna Honda Boulevard. With deep disappointment, we must conclude that the proposal no longer meets MOHCD's investment requirements due to the extraordinary costs the site conditions will likely impose. We are particularly disappointed because of the strengths of the project as originally set forth in response to the City's July 2016 *Proposition A Affordable Multifamily Rental Housing Notice of Funding Availability*, including the capacity to serve up to 120 low-income seniors and 30 seniors who have experienced homelessness in a neighborhood that has scarce affordable housing resources.

Our decision to withdraw financial support from the project is based on several factors that have emerged through CCH's due diligence investigation of the property, namely:

- Historic Resources. The Historic Resource Evaluation by SWCA Environmental Consultants / Turnstone Consulting determined that the existing church on the property is eligible for listing in the California Register of Historical Resources (CRHC) and qualifies as a historical resource under the California Environmental Quality Act (CEQA). While CCH originally proposed to demolish this structure in order to build the new housing development, demolition cannot proceed without a full environmental impact report (EIR), which is costly and time-consuming. The EIR may also indicate that demolition is not advised. And while we acknowledge that retention of the church is a viable option, the costs to rehabilitate a historic structure are typically high. Retention of the church also potentially means less senior housing can be built.
- The Hillside. The geotechnical report by Langan Engineers confirmed that the site is buildable, but also advised that key geotechnical and geologic issues would need to be addressed during design and construction of the proposed development, since the hillside is very steep and, as a pre-existing condition, susceptible to earthquake-induced land sliding. To build the proposed development, a large portion of the property would need to be

stabilized through deep soil mixing, and the footprint of the building would need to be reduced, with new structures placed a minimum of 10 feet away from the toe of the improved slope. The slope would need to be monitored before and during construction to ensure that the development imposes no negative impact on the surrounding topography. And, again, while the geotechnical consultant concluded that this construction methodology is viable, the extra effort required to accommodate the existing instability of the hillside would bring an extra cost of approximately \$1.5 million. In addition, the redrawn building footprint would reduce the projected unit count to about 100.

- Community Support. We were pleased to see so many neighbors show their support for the project. Unfortunately, there were also many individuals who opposed the project from its inception and demonstrated a strong desire to block it, despite CCH's and Supervisor Yee's diligent and good-faith efforts to resolve points of contention with opposed neighbors. While we at MOHCD believe that the entitlement of 250 Laguna Honda for affordable housing would have finally been approved, given the City's dire affordable housing crisis, we also know from experience that a protracted entitlement conflict adds cost and time to projects.

MOHCD's goal is to address the City's affordable housing crisis as effectively and quickly as possible. With the added costs outlined above, the certain time delays imposed by an EIR, and the potential time delays incurred as a result of neighborhood opposition, we therefore believe that the City's investment of affordable housing funds may be better made elsewhere.

Again, we write this letter with great disappointment, and we thank you, your development team, and Forest Hill Christian Church for your exhaustive efforts to bring affordable housing to this neighborhood where it is in short supply.

We wish you all the best in your future affordable housing developments as you work to fulfill your mission.

Please feel free to contact me with questions or if you would like to discuss.

Sincerely,



Kate Hartley
Director

cc: Supervisor Norman Yee