

## CHAPTER V Other CEQA Considerations

### V.A INTRODUCTION

Section 15126 of the *California Environmental Quality Act* (CEQA) Guidelines requires that all aspects of a project must be considered when evaluating its impact on the environment, including planning, acquisition, development, and operation. As part of this analysis, the Environmental Impact Report (EIR) must also identify (1) significant environmental effects of the proposed project; (2) significant environmental effects that cannot be avoided if the proposed project is implemented; (3) significant irreversible environmental changes that would result from implementation of the proposed project; (4) effects found not to be significant; (5) growth-inducing impacts of the proposed project; and (6) secondary land use effects, including urban decay.

This Section is based upon information from documents<sup>1285</sup> including, but not limited to, the California Department of Recreation *Candlestick Point State Recreation Area General Plan*, Association of Bay Area Governments (ABAG) *San Francisco Bay Trail Plan*, San Francisco Bay Conservation and Development Commission *San Francisco Bay Plan*, San Francisco Bay Conservation and Development Commission *Bay Area Seaport Plan*, San Francisco Bay Conservation and Development Commission *Bay Area Water Trail Plan*, *City of San Francisco General Plan*, *City of San Francisco Bayview Hunters Point Redevelopment Plan*, *City of San Francisco Hunters Point Shipyard Redevelopment Plan*, the *City of San Francisco Planning Code*, and from physical observations of the Project site and vicinity from site visits conducted by PBS&J in 2008. Data for this Section were also taken from the *Candlestick Point–Hunters Point Shipyard Phase II Development Plan: Secondary Land Effects* by CBRE Consulting dated September 2009 and contained in Appendix U (CBRE Secondary Land Use Effects Study).

### V.B SIGNIFICANT ENVIRONMENTAL EFFECTS OF THE PROJECT

Table ES-1(Summary of Environmental Effects and Project Requirements/Mitigation Measures), which is contained in the Executive Summary chapter of this EIR, and Section III.A through Section III.S of this EIR provide a comprehensive identification of the Project's environmental effects, including the level of significance both before and after mitigation.

### V.C SIGNIFICANT ENVIRONMENTAL EFFECTS THAT CANNOT BE AVOIDED IF THE PROJECT IS IMPLEMENTED

Section 15126.2(b) of the CEQA Guidelines requires that an EIR describe any significant impacts that cannot be avoided, even with the implementation of feasible mitigation measures. Development of the

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<sup>1285</sup> Copies of these documents are on file for public review at the San Francisco Redevelopment Agency, One South Van Ness Avenue, Fifth Floor as part of File No. ER06.05.07, or at the City Planning Department, 1650 Mission Street, Fourth Floor, San Francisco, CA, 94103 as part of File No. 2007.0946E.

Project would result in the following significant and unavoidable project-related and/or cumulative impacts:

### **Transportation and Circulation**

- Construction-related traffic impacts in the Project vicinity due to construction vehicle traffic and roadway construction especially over the long duration of expected construction activity
- Operation of the Project would result in an increase in traffic that would be substantial relative to the existing and proposed capacity of the street system
- Operation of the Project would result in impacts at nine intersections where no feasible traffic mitigation measures have been identified
- Operation of the Project would result in AM peak hour traffic impacts at the intersection of Tunnel/Blanken and contribute to cumulative PM peak hour traffic impacts
- Operation of the Project would result in Project contributions at 12 study intersections that would operate at LOS E or LOS F under 2030 No Project conditions (cumulative impacts)
- Operation of the Project would result in Project contributions at the intersections of Geneva/US-101 Southbound Ramps and Harney/US-101 Northbound Ramps, which would operate at LOS F under 2030 No Project conditions (cumulative impacts)
- Operation of the Project would result in Project contribution to cumulative traffic impacts at four freeway segments
- Operation of the Project would result in impacts at four freeway on-ramp locations
- Operation of the Project would result in Project contribution to significant cumulative traffic impacts at 12 freeway ramp locations
- Operation of the Project would result in impacts related to freeway diverge queue storage at the Harney/US-101 Northbound Off-ramp
- Operation of the Project would result in Project contribution to significant cumulative traffic impacts related to freeway diverge queue storage at five off-ramp locations
- Operation of the Project would result in increased congestion and contribute to cumulative conditions at intersections along San Bruno Avenue, which would increase travel times and impact operations of the 9-San Bruno
- Operation of the Project would result in increased congestion and contribute to cumulative conditions at intersections along Palou Avenue, which would increase travel times and impact operations of the 23-Monterey, 24-Divisadero and the 44-O'Shaughnessy
- Operation of the Project would result in increased congestion at intersections along Gilman Avenue and Paul Avenue, which would increase travel times and would impact operations of the 29-Sunset
- Operation of the Project would result in increased congestion at intersections along Evans Avenue, which would increase travel times and impact operations of the 48-Quintara-24<sup>th</sup> Street
- Operation of the Project would result in increased congestion at intersections in the study area, and make a considerable contribution to cumulative impacts which would increase travel times and impact operations of the 54-Felton
- Operation of the Project would result in increased congestion at intersections along Third Street, and make a considerable contribution to cumulative impacts which would increase travel times and impact operations of the T-Third

- Operation of the Project would result in increased congestion at the intersection of Geneva Avenue and Bayshore Boulevard. This would increase travel times and impact operations of the 28L-19<sup>th</sup> Avenue/Geneva Limited
- Operation of the Project would result in increased congestion on US-101 mainline and ramps, which would increase travel times and impact operations of the 9X, 9AX, 9BX-Bayshore Expresses, and 14X-Mission Express
- Operation of the Project would result in increased congestion on US-101 mainline and ramps, and on Bayshore Boulevard, which would increase travel times and impact operations of SamTrans bus lines on these facilities
- Proposed transit preferential treatments and significant increases in traffic volumes on Palou Avenue would result in impacts on bicycle travel on Bicycle Routes #70 and #170 between Griffith Street and Third Street
- For as many as 12 times a year 49ers games at the proposed stadium would result in significant impacts on study area roadways and intersections
- Existing game day service and Project transit improvements would not be adequate to accommodate projected transit demand
- Weekday evening secondary events at the stadium would result in increased congestion at intersections, freeway mainline, and freeway ramps already operating at unacceptable LOS under Project conditions without a secondary event, and result in significant impacts at nine additional intersections and one additional freeway off-ramp
- Existing transit service and Project improvements would not be adequate to accommodate projected transit demand during secondary events with attendance of 37,500 spectators
- Weekday evening events at the arena would exacerbate congestion at intersections, freeway mainline, and freeway ramps already operating at unacceptable LOS under Project conditions without an arena event, and result in significant traffic impacts at Harney Way and Jamestown Avenue, which was operating acceptably under Project conditions without an arena event
- Sell-out weekday evening events at the arena would be accommodated within the existing and proposed transit service. However, traffic congestion would impact transit operations

### **Air Quality**

- Operation of the Project would result in violations of BAAQMD CEQA significance thresholds for mass criteria pollutant emissions from mobile and area sources and contribute substantially to an existing or projected air quality violation at full build-out in the year 2029

### **Noise**

- Construction would create excessive groundborne vibration levels in existing residential neighborhoods adjacent to the Project site and at proposed on-site residential uses should the latter be occupied before Project construction activity on adjacent parcels is complete
- Construction activities would result in a substantial temporary or periodic increase in ambient noise levels
- Increased local traffic volumes that would cause a substantial permanent increase in ambient noise levels in existing residential areas along the major Project site access routes

- Noise during football games and concerts at the proposed stadium could result in temporary increases in ambient noise levels that would adversely affect surrounding residents for the duration of a game or concert

### **Cultural Resources**

- Development of the Project could result in a substantial adverse change in the significance of a historical resource

## **V.D SIGNIFICANT IRREVERSIBLE ENVIRONMENTAL EFFECTS**

Section 15126.2(c) of the CEQA Guidelines requires a discussion of any significant irreversible environmental changes that would be caused by the Project. Specifically, Section 15126.2(c) states:

Uses of nonrenewable resources during the initial and continued phases of the project may be irreversible, since a large commitment of such resources makes removal or nonuse thereafter unlikely. Primary impacts and, particularly, secondary impacts (such as a highway improvement which provides access to a previously inaccessible area) generally commit future generations to similar uses. Also, irreversible damage can result from environmental accidents associated with the project. Irretrievable commitments of resources should be evaluated to ensure that such current consumption is justified.

Generally, a project would result in significant irreversible environmental changes if any of the following would occur:

- The primary and secondary impacts would generally commit future generations to similar uses
- The Project would involve a large commitment of nonrenewable resources and the proposed consumption of resources is not justified (e.g., the project involves the wasteful use of energy)
- The Project results in irreversible damage from environmental accidents

### **■ Commitment to Similar Uses**

Over the past three decades, various planning and development activities and associated environmental reviews have been undertaken for the Bayview Hunters Point neighborhood, including, most notably, Candlestick Point and HPS. All of these planning efforts have led to the Project's specific development program, which indicates a continued and long-term commitment of the Project site for the revitalization activities envisioned as part of the Project. The following discussion briefly outlines the planning history that has led to the Project, as proposed.

The existing General Plan land use map designates properties within the Project site as Candlestick Point Special Use District, Residential, Mixed Use, Parks and Open Space, and Public Facilities. These land use categories reflect Proposition F (1997), which amended the General Plan, *Planning Code*, and Zoning Map, and established the Candlestick Point Special Use District to accommodate the development of a stadium suitable for professional football and a shopping and entertainment center with open space and related parking facilities as principal uses, as well as other conditional uses, such as residential uses, subject to the approval of the Planning Commission.

Also in 1997, the Board of Supervisors, by Ordinance No. 285-97, adopted the HPS Redevelopment Plan for the revitalization of HPS.<sup>1286</sup> The HPS Redevelopment Plan contemplates development of a range of uses under the broad categories of industrial, research and development, mixed use, cultural and educational, residential, and open space. The HPS Redevelopment Plan divides the shipyard into five development parcels, Parcels A through E. Parcel F, which comprises approximately 440 acres of submerged land in the Bay was not proposed for development in the HPS Redevelopment Plan.<sup>1287,1288</sup>

The San Francisco Board of Supervisors adopted the *Bayview Hunters Point Redevelopment Plan* (BVHP Redevelopment Plan) in 2006. The BVHP Redevelopment Plan amends the *Hunters Point Redevelopment Plan*, established in 1969 and last amended in 1994. The primary redevelopment programs of the BVHP Redevelopment Plan include an Economic Development Program, Affordable Housing Program, and a Community Enhancements Program.

In late 2006, the San Francisco 49ers decided that the proposed stadium did not meet their needs. A site for a new stadium at HPS was identified. In May 2007, the Board of Supervisors and the Mayor endorsed a Conceptual Framework for the planning and development of the Project site, which includes Candlestick Point and HPS Phase II.

In June 2008, and in response to the Conceptual Framework, the San Francisco voters approved Proposition G, which is called the Bayview Jobs, Parks, and Housing Initiative. Proposition G encourages development of Candlestick Point and HPS with a mixed-use project, including park and open space improvements, approximately 10,000 homes for sale or rent, about 700,000 gsf of retail uses, about 2,150,000 gsf of “green” office, science and technology, research and development, and industrial uses, an arena, and a site for a new San Francisco 49ers stadium.

Implementation of the Project would require amendments to the BVHP Redevelopment Plan and the HPS Redevelopment Plan and Design for Development,<sup>1289</sup> as well as revisions to the General Plan, *Planning Code*, and zoning map to establish, in part, land use designations and allowable land uses, zoning, and design standards for future development.

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<sup>1286</sup> San Francisco Redevelopment Agency, *Redevelopment Plan for the Hunters Point Shipyard Redevelopment Project*, July 14, 1997. A copy of this document is available for public review at the San Francisco Redevelopment Agency, One South Van Ness Avenue, Fifth Floor as part of File No. ER06.05.07, or at the City Planning Department, 1650 Mission Street, Fourth Floor, San Francisco, CA, 94103 as part of File No. 2007.0946E.

<sup>1287</sup> In 1992, HPS was divided into six separate parcels, known as Parcels A, B, C, D, E, and F. These parcels correspond to the Navy’s plan to phase remediation of hazardous materials on HPS on a parcel-by-parcel basis.

<sup>1288</sup> In accordance with procedures for transfer of Navy property, the Agency accepted title to Parcel A in December 2004. In April 2005, the Agency transferred the portions of Parcel A-Prime to be privately developed to Lennar Urban to construct the infrastructure improvements required under the Phase I DDA. Subsequently, the transfer of Parcel B-Prime from the Navy to the Agency was delayed. As a result, on October 17, 2006, the Agency Commission approved an amendment to the Phase I DDA to remove Parcel B-Prime from the Phase 1 development and to shift the entitled residential units from Parcel B-Prime to Parcel A-Prime. The revised Design for Development standards for Parcel A address dwelling unit density standards, height and bulk limits, off-street loading, lot sizes, street design, and other similar topics.

<sup>1289</sup> The 1997 HPS Redevelopment Plan establishes the land use standards for development in the Redevelopment Plan area. The 2004 Design for Development document outlines the design objectives, development standards, and urban design guidelines for projects developed in the Redevelopment Plan area.

The Project would include residential, office, retail, entertainment, and office uses, as well as community facilities, open space, and a new stadium and arena, to be developed adjacent to existing neighborhoods and within the existing Alice Griffith neighborhood, where new residential units would replace existing dwellings. Development of the Project would result in a continued commitment of the City of San Francisco to these uses, thereby precluding any other uses for the lifespan of the Project.

Although the Project would commit the Project site to the proposed uses for future generations, it does not represent a change in commitment from the previously planned uses for the site, as described above. Further, the Project is essentially infill, replacing existing industrial, parking, and other underutilized uses with a Project that achieves a vision articulated by the City, the San Francisco Redevelopment Agency, and the community throughout a 30-year planning process. The Project would not represent a conversion of previously undeveloped open spaces to developed uses.

The Project was specifically designed to achieve the objectives stated under Proposition G and would be consistent with all of its population, employment, and housing policies. The Project would create economic opportunities for local businesses and residences by adding jobs, retail uses, and community services. The Applicant has committed to developing at least 3,345 units of the 10,500 units proposed with public housing (including rebuilding the Alice Griffith Public Housing complex at a one-to-one ratio), affordable housing, and below-market-rate housing. Units would range by size, type, and form consistent with the policies of Proposition G. Proposed development would occur at a level of density that would sustain local businesses and cultural amenities and would create a walkable environment. The Project would also fund infrastructure and transportation improvements needed to support such development. Therefore, while the Project would commit future generations to similar uses, the uses are consistent with and respectful of a thirty-year planning process.

## ■ Commitment of Nonrenewable Resources

Resources that would be permanently and continually consumed by Project implementation include energy (electricity and natural gas), water, and fossil fuels; however, the amount and rate of consumption of these resources would not result in significant environmental impacts related to the unnecessary, inefficient, or wasteful use of resources, as described below.

### **Energy**

Energy use at the Project site would increase as a result of construction and operation of the Project. However, new buildings in California are required to conform to energy conservation standards specified in Title 24 of the *California Code of Regulations* (CCR). The standards establish “energy budgets” for different types of residential and nonresidential buildings and with which all new buildings must comply.

The Project Applicant has committed to including Project design features that would achieve 15 percent more energy efficiency than required by the 2008 Title 24 standards (refer to Section III.H [Air Quality], Section III.Q [Utilities], and Section III.R [Energy] for a discussion of energy-saving Project features). The Project would also comply with the City’s Green Building Ordinance, as required by Chapter 13C of the *Environment Code*. The ordinance requires newly constructed commercial buildings over 5,000 gross square feet (gsf), residential buildings over 75 feet in height, and renovations on buildings over 25,000 gsf to obtain credits under LEED® or other green building standards.

The Project Applicant has committed to constructing all Project buildings to the LEED® ND Gold standard based on the Pilot Version of the rating system released in June 2007.<sup>1290</sup> Although energy savings associated with these programs could vary based on the credits chosen and, therefore, cannot be accurately quantified, additional energy savings are anticipated. Pursuant to achieving the LEED® ND Gold standard, the Project would be required to implement measures that would directly or indirectly result in reduced energy consumption. Such measures include design features for high performance glazing, shading, envelope optimization, reflective roofs, and natural ventilation (reducing energy use for heating and cooling), natural and energy efficiency lighting (reducing energy for artificial lighting), reduced water consumption (reducing energy use associated with the conveyance of water and wastewater), and energy commissioning, a process that requires verification, monitoring, and regular maintenance of energy systems to achieve peak performance. Energy savings associated with this program could vary based on the credits chosen and associated energy-saving measures implemented. Therefore, the savings cannot be quantified at this time, although additional energy savings are anticipated.

Efficient energy use on the Project site would include energy-efficient building design strategies. Project buildings would be designed and sited to maximize solar gain and minimize heat-reflective surfaces, as well as provide landscaping to reduce heat reflection on adjacent structures. ENERGY STAR appliances would be installed by builders in the residential units, a measure aimed at reducing residential electricity consumption, which is a land use with high energy consumption rates. Refer to Section III.R for a discussion of energy.

In addition, the Project Sponsor would implement renewable energy strategies, such as the use of photovoltaic cells to provide electricity; the use of solar thermal energy to provide space cooling with the use of absorption systems; and/or water for space heating and domestic water systems.

The Project would utilize water-conserving plants in the landscape plan, as well as drip irrigation in planter beds and the use of new or relocated mature trees (if feasible), which require less water than younger specimens. Shrub plantings and/or drought-tolerant groundcover would be utilized to minimize the use of large expanses of turf.

Compliance with all applicable building codes, as well as Project mitigation measures and other design features of the Project that are determined through the Design for Development process, would ensure that natural resources are conserved or recycled to the maximum extent feasible. It is also possible that new technologies or systems would emerge, or would become more cost-effective or user-friendly, that would further reduce the Project's reliance upon nonrenewable natural resources. Even with implementation of conservation measures, consumption of natural resources, including electricity and natural gas, would generally increase with implementation of the Project. However, the Project would not involve the wasteful, inefficient, or unjustifiable use of energy resources.

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<sup>1290</sup> Since the initial release of this standard, the rating system has undergone two public comment periods, and several credit requirements have changed. The LEED® ND rating system is currently being finalized for formal release by the USGBC.

## Water

In terms of potable water, implementation of the Project would generate a total of demand of approximately 1.68 million gallons per day (mgd) based on an estimate of historical benchmark demand, adjusted to account for current *California Building Code* and the requirements of the San Francisco Green Building Ordinance, which would require the installation of ultra-low flow fixtures, use of high-efficiency building equipment, efficient landscape irrigation techniques, and provision of water-efficient plant materials. As current water use from existing land uses at the Project site is approximately 0.3 mgd, the net effect of the Project on water demand would be an increase of approximately 1.38 mgd.

While potable water use would increase, the Project would be subject to various water-conservation measures that are being implemented by the San Francisco Public Utilities Commission (SFPUC). The SFPUC's demand management programs range from financial incentives for plumbing devices to improvements in the distribution efficiency of the system. The conservation programs implemented by the SFPUC are based on the California Urban Water Conservation Council's list of fourteen Best Management Practices (BMP) identified by signatories of the Memorandum of Understanding Regarding Urban Water Conservation in California, executed in 1991.

In addition, the SFPUC is increasing its water-conservation programs in an effort to achieve new water savings by 2018. This program is based on the 2004 San Francisco Retail Water Demands and Conservation Potential Report<sup>1291</sup> (Demand Report) that identified potential water savings and implementation costs associated with a number of water conservation measures. These new conservation programs include high-efficiency toilet replacement in low-income communities and water-efficient irrigation systems in municipal parks. With this expanded conservation program, the SFPUC anticipates reducing gross per household consumption (which includes both residents and non-residents) from 91.5 gallons per day (gpd) to 87.4 gpd by 2018, which would result in a conservation supply potential of approximately 4.0 mgd annually. Refer to Section III.Q for a discussion of water.

While the consumption of water would increase as the result of construction and operation of the Project, the Project would voluntarily and/or by directive be subject to water-conservation measures that would serve to reduce water use. The Project would not involve the wasteful, inefficient, or unjustifiable use of water resources.

## Fossil Fuels

Construction and operational activities related to the Project would also result in the irretrievable commitment of fossil fuels for automobiles and construction equipment. The use of fuels resulting from Project-related travel to and from the Project site would be considerably higher than under existing conditions, and the construction schedule of the Project would be lengthy (approximately 20 years), which would result in a large increase in consumption of fossil fuels. However, this consumption would not be wasteful because (1) the Project proposes to minimize transportation-related fuel use by implementing a number of transit, bicycle, and pedestrian improvements; (2) the Project would include a transportation demand management (TDM) program designed to reduce the remaining vehicle trips; and

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<sup>1291</sup> Hannaford and HydroConsult, City and County of San Francisco Retail Water Demands and Conservation Potential, 2004.

(3) the Project would result in dense development within an urbanized area with a mixture of neighborhood-serving uses, which would reduce the total number of trips to and from the site, as well as overall trip lengths.

The Project would be an infill project within a developed urban area that would provide access to employment, retail, and recreational opportunities. The VMT for the Project anticipates shorter and fewer trips as a result of the proposed density and mixed uses at the Project site.

As a result of these Project features and programs, between 28 and 34 percent of the weekday AM and PM peak hour person trips would be internal pedestrian trips within the Project site, according to the Transportation Study (Appendix D).<sup>1292</sup> Of the remaining external trips, 21 percent would be conducted via transit and 3 percent would be conducted via bicycle.<sup>1293</sup> The shift to non-vehicular modes of travel would result in savings in transportation fuels. Over time, implementation of the State Alternatives Fuels Plan (see Regulatory Framework) is expected to increase the efficiency of vehicle trips, result in the development of alternative fuels, and shift trips to non-vehicular modes of travel. Project programs, in combination with local and State policies, would minimize vehicular fuel use.

The programs proposed under the Project for minimization of trips, as well as the Project's density, mix of uses, and overall physical layout, would result in efficiency in the total amount of fuel consumed by shortening trip lengths and shifting trips from vehicular modes of travel. Therefore, the Project would not be wasteful with respect to petroleum fuel consumption.

## V.E EFFECTS NOT FOUND TO BE SIGNIFICANT

All impacts associated with agricultural resources and mineral resources have been determined to be "Effects Not Found to Be Significant" according to Section 15128 of the CEQA Guidelines, and are not addressed in this EIR for the reasons described below.

### **Agricultural Resources**

The Project Site is located in the City of San Francisco, an urban area, and therefore not agricultural in nature. The California Department of Conservation designates no land within the City boundaries as Williamson Act properties or important farmland.<sup>1294</sup> The proposed Project would not convert farmland to a non-agricultural use, would not conflict with agricultural zoning or Williamson Act contracts, or cause other changes that would lead to the conversion of Farmlands of Statewide Importance to nonagricultural use. Accordingly, because no agricultural resources are located on or near the Project site, no impacts would occur. Therefore, no further analysis of this issue is required in the EIR.

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<sup>1292</sup> CHS Consulting Group, Fehr and Peers, and LCW Consulting, *Candlestick Point–Hunters Point Shipyard Phase II Development Plan Transportation Study*, 2009.

<sup>1293</sup> CHS Consulting Group, Fehr and Peers, and LCW Consulting, *Candlestick Point–Hunters Point Shipyard Phase II Development Plan Transportation Study*, 2009.

<sup>1294</sup> San Francisco is identified as "Urban and Built Up Land" on the California Department of Conservation *Important Farmland of California Map*, 2002. This map is available for viewing on-line at the Department of Conservation website ([http://www.consrv.ca.gov/DLRP/fmmp/images/fmmp2004\\_11\\_17.pdf](http://www.consrv.ca.gov/DLRP/fmmp/images/fmmp2004_11_17.pdf)), accessed for this report February 15, 2007.

## **Mineral Resources**

All land in San Francisco, including the Project Site, is designated Mineral Resource Zone 4 (MRZ-4) by the California Division of Mines and Geology (CDMG) under the Surface Mining and Reclamation Act of 1975 (CDMG, Open File Report 96-03 and Special Report 146 Parts I and II). This designation indicates that there is inadequate information available for assignment to any other MRZ and thus the site is not a designated area of significant mineral deposits. Since most of the Project site is already developed, future evaluation or designation of the site would not affect or be affected by the proposed Project. There are no operational mineral resource recovery sites in the project area whose operations or accessibility would be affected by the construction or operation of the proposed Project. No effects to mineral resources of value to the region or the State would occur, and no further analysis of this issue area is required in the EIR.

## **V.F IRREVERSIBLE DAMAGE**

For this Project, irreversible damage resulting from environmental accidents is limited to the potential for the risk of upset associated with the use, transport, or storage of hazardous materials during construction or operational activities, or associated with any potential remediation activities as part of the shoreline improvements. Section III.K of this EIR fully discloses and evaluates all potential impacts associated with the use, transport, or storage of hazardous materials during construction or operational activities involving hazardous materials, or associated with any potential remediation activities as part of the shoreline improvements. Compliance with federal, state, and local regulations pertaining to hazardous materials, as outlined in mitigation measures contained in Section III.K, would ensure this impact would be less than significant. Therefore, there would be no significant irreversible effects that would occur as a result of construction or operational activities involving hazardous materials or associated with potential remediation activities as part of the shoreline improvements.

## **V.G DIRECT OR INDIRECT ECONOMIC OR POPULATION GROWTH**

As required by the CEQA Guidelines, an EIR must include a discussion of the ways in which the Project could directly or indirectly foster economic or population growth or the construction of additional housing and how that growth would, in turn, affect the surrounding physical environment (CEQA Guidelines Section 15126.2(d)).

Growth can be induced in a number of ways, including the elimination of obstacles to growth or through the stimulation of economic activity within the region. The discussion of removal of obstacles to growth relates directly to the removal of infrastructure limitations or regulatory constraints that could result in growth unforeseen at the time of Project approval.

In general, a project may foster spatial, economic, or population growth in a geographic area if it meets any one of the criteria identified below:

- The project establishes a precedent-setting action (e.g., a change in zoning or general plan amendment approval)

- The project results in the urbanization of land in a remote location (leapfrog development)
- The project removes an impediment to growth (e.g., the establishment of an essential public service, or the provision of new access to an area)
- Economic expansion or growth occurs in an area in response to the project (e.g., changes in revenue base, employment expansion, etc.)

If a project meets any one of these criteria, it may be considered growth inducing. Generally, growth-inducing projects: (1) are located in isolated, undeveloped, or underdeveloped areas, necessitating the extension of major infrastructure, such as sewer and water facilities or roadways; or (2) encourage premature or unplanned growth.

## ■ Precedent-Setting Action

The Project site is part of the larger Bayview Hunters Point neighborhood, an area characterized by well-established residential neighborhoods, commercial uses, and industrial areas. The *Bayview Hunters Point Area Plan* (BVHP Area Plan) is an adopted component of the *San Francisco General Plan* that serves as a guide to the future development of the BVHP community.<sup>1295</sup> This plan, based on many years of continued citizen input, seeks to provide guidelines for realizing the area's growth potential in a manner that is in the best interest of the local residents and the City as a whole.

The existing General Plan land use map designates properties within the Project site as Candlestick Point Special Use District, Residential, Mixed Use, Parks and Open Space, and Public Facilities. These land use categories reflect Proposition F (1997), which amended the General Plan, *Planning Code*, and Zoning Map, and established the Candlestick Point Special Use District to accommodate the development of a stadium suitable for professional football and a shopping and entertainment center with open space and related parking facilities as principal uses, as well as other conditional uses, such as residential uses, subject to the approval of the Planning Commission. For land use designations within the Hunters Point Shipyard, the BVHP Area Plan, General Plan, and zoning code defer to the Hunters Point Shipyard Redevelopment Plan.

The Project as proposed includes a General Plan amendment to establish a land use designation and specify the land uses that are allowable within this new designation consistent with the approved land use and development plan specified in Proposition G and corresponding amendment to the BVHP Area Plan. The General Plan Amendment and amendment to the BVHP Area Plan would not set a precedent by allowing uses that are not found elsewhere within the City or even the area. The proposed designation would be consistent with the nature of on-site and surrounding development. Implementation of the amendments would allow for continued use of existing development, while also permitting mixed uses. Therefore, the Project would not be growth inducing as a result of establishing a precedent-setting action.

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<sup>1295</sup> San Francisco Planning Department, *San Francisco General Plan, Bayview Hunters Point Area Plan*, March 2006. The Area Plan, formerly named the *South Bayside Area Plan*, was adopted in February 1970 (Board of Supervisors Resolution No. 6486). Subsequently, the Area Plan was updated in July 1995 (Resolution No.13917). The current 2006 Area Plan was renamed the *Bayview Hunters Point Area Plan* at the community's request to reflect its historic name for itself.

## ■ Leapfrog Development

As infrastructure, public services, roads, and other services and communities amenities are expanded, there would also be a potential for development at the Project site to generate indirect population growth. Indirect growth is often defined as “leapfrog” development, development that occurs as infrastructure is expanded to previously un-served areas. Such development patterns usually occur in suburban areas adjacent to undeveloped lands. Areas surrounding the Project site are built out, except for sites such as Executive Park or India Basin that are currently undergoing redevelopment or are the subject of planned future development. Thus, the surrounding lands are not vulnerable to leapfrog-type development.

## ■ Removal of an Impediment to Growth

The Project is located in an urbanized area that is served by an existing network of electricity, water, sewer, storm drain, communications, roadways, and other infrastructure sized to accommodate or allow existing and planned growth. Infrastructure and services would be expanded to serve the Project, but it would not encourage additional local growth beyond that already planned under Proposition G (for the Project site) and under the redevelopment plans. The Project would replace aging and deteriorated infrastructure on the Project site, as well as infrastructure on HPS Phase II that is no longer in use. New on-site infrastructure would be constructed, some of which would connect to the existing off-site Combined Sewer System infrastructure, and some of which would be a new, separate system for on-site stormwater treatment. The Project would not expand infrastructure to geographic areas that were not previously served. The Project would create a new street grid that would improve access to the shoreline and connect the Project with existing neighborhoods. However, the Project would not create new transportation access to an area that was previously inaccessible, as the Project site is currently accessible. The infrastructure needed to support the level of growth anticipated under the Project was planned based on population projections that included the housing and employment associated with the Project. The infrastructure would not encourage new development (other than the Project), as the new on-site infrastructure would connect to an existing City system. The existing lack of adequate infrastructure on the Project site has not acted as an impediment to growth, as the Project site is immediately adjacent to off-site City infrastructure and new development could easily establish connections with that system.

## ■ Economic Expansion or Growth in Response to the Project

While the Project itself represents growth, the provision of new housing and employment opportunities would not indirectly encourage substantial new growth in the City that has not previously been projected. It would provide much-needed housing within the City to accommodate an extensive workforce from throughout the Bay Area. It would provide substantial employment opportunities in an area that historically has had few employment opportunities, and the new employees would be anticipated to be drawn from the Bay Area workforce, including the local workforce.

The Bay Area is a major employment center, with over 3.2 million jobs reported in 2005.<sup>1296</sup> A large percentage of this employment is in San Francisco. As shown in Table III.C-3 (Existing Employment

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<sup>1296</sup> Association of Bay Area Governments, *Projections 2007*, 2006.

[2005]) of Section III.C (Population, Housing, and Employment), there were approximately 553,090 jobs in the City in 2005, approximately 17 percent of the total regional employment. At the time of the 2000 Census, about 55 percent of the workers holding jobs in San Francisco lived in the City, while the remaining 45 percent lived in other jurisdictions.<sup>1297</sup> For this reason, the daytime population associated with local employment substantially exceeds the residential (nighttime) population. Estimated City employment for 2030 would be approximately 748,100 jobs.<sup>1298</sup>

As discussed in this EIR in Chapter I (Introduction) and Chapter II (Project Description), Proposition G encourages development of Candlestick Point and HPS with a mixed-use project that was defined in the Proposition as including park and open space improvements, approximately 10,000 homes for sale or rent, about 700,000 gsf of retail uses, about 2,150,000 gsf of “green” office, science and technology, research and development, a ferry terminal and marina, an arena/performance venue, an arts center, and a site for a new San Francisco 49ers stadium. Proposition G states that the proposed development should, among other objectives, create a range of job and economic development opportunities for local, economically disadvantaged individuals and business enterprises, particularly for residents and businesses located in the BVHP area, and create substantial jobs and commercial opportunities for existing Bayview residents and businesses. The Project would fulfill all of the objectives of Proposition G and would be consistent with its policies.

Development of the Project would transform a currently underutilized and blighted area of the City into a vibrant mixed-use development with substantial housing and job opportunities. The new households would create a corresponding demand for goods and services, which are expected to be accommodated by the Project’s non-residential uses. Because the Project provides a balance of housing and commercial uses and would accommodate new residents’ needs for such goods and services, the increase in City population would not be expected to induce substantial commercial growth elsewhere in the City. Similarly, the proposed housing could accommodate the increase in employment on site. The combination of land uses in the Project would function to increase retail and commercial sales and activities within the City, as well as enhance the economic viability of the Project area. The creation of new commercial activities and housing would contribute to the economic vitality of the City, which would enable the continued provision of high-quality services and programs for residents and businesses and would contribute to a larger municipal revenue stream. The revitalization of the Project site and the increased connectivity and public access to shoreline amenities at Candlestick Point and Hunters Point could encourage already planned growth in the adjacent neighborhoods, such as at India Basin.

Construction employees would be required to construct the Project. The number of construction employees would vary depending upon the phase of construction, but would range from 30 employees at the end of construction activities to a maximum of about 455 employees during the most labor-intensive phase of construction. Current Agency policies regarding contracting and employment seek to maximize local hiring for construction. It is anticipated that out-of-area construction employees would commute from elsewhere in the region, rather than relocate to the San Francisco area for a temporary construction

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<sup>1297</sup> US Department of Transportation, *Census 2000 Transportation Planning Package*, 2006. It should be noted that a certain percentage of San Francisco residents also commute to other communities.

<sup>1298</sup> Memorandum from John Rahaim, Director of Planning, San Francisco Planning Department to Michael Carlin, Deputy General Manager, San Francisco Public Utilities Commissions, *Projections of Growth by 2030*, July 9, 2009. This number includes employment projections associated with the Project.

assignment. In addition, due to the nature of construction activities, the employment opportunities resulting from construction-related work assignments are not considered permanent. Construction-related activities would, therefore, have a negligible impact on population and housing resources.

Development at the Project site would provide 10,730 permanent jobs by 2030. Regional employment in 2005 consisted of 3.2 million jobs, with a projected increase of approximately 1.7 million jobs to 4.9 million jobs in 2030. San Francisco has traditionally experienced, and would continue to experience, ample employment opportunities that are not met by an equal supply of housing within the City, or even the Bay Area. The Project's contribution of 10,730 permanent jobs would represent 0.6 percent of the anticipated increase in regional employment through 2030 and is within the employment growth forecasts for both the City and the County.

The Project would provide increased tax revenues to the City. The positive revenue stream may result in the creation of indirect and induced jobs. Indirect jobs are those that would be created when the future owners and/or managers of the retail-commercial uses purchase goods and services from businesses in the region, and induced jobs are those that are created when wage incomes of those employed in direct and indirect jobs are spent on the purchase of goods and services in the region. The City's economic impacts are primarily the result of purchases of goods and services, as well as payment of taxes and salaries, which affects the regional economy of the City and County, and, on a more indirect basis, California. Therefore, the positive revenue stream and the resulting increased economic viability of the Project site could result in indirect growth-inducing impacts.

However, the Project would implement a number of smart-growth principles, including:

- Mixed uses that promote living and working in the same area to limit vehicle miles traveled
- Uses oriented around existing and proposed transit to discourage use of the personal vehicle
- Transit connectivity so other City residents can take advantage of the opportunities offered by the Project
- Pedestrian and bicycle pathways to encourage these alternative methods of transportation
- Bicycle racks and pedestrian seating in prominent locations to encourage walking and cycling activities
- A mix of recreational uses to provide for the recreational needs of the community

Implementation of these features would limit indirect growth-inducing impacts by providing all necessary services within one development. Provision of most, if not all, needed services and amenities within the Project would reduce the need to develop such uses elsewhere in the City.

## **V.H URBAN DECAY**

Secondary land use effects can also include economic and social changes. Economic and social changes are not in themselves significant impacts on the environment; however, a physical change in the environment caused by economic and social factors attributable to a development could sometimes result in a reasonably foreseeable indirect environmental impact, such as urban decay or deterioration. Urban decay results from land use decisions that cause a chain reaction of store closures and long-term commercial vacancies, ultimately destroying existing neighborhoods and leaving decaying shells in their

wake.<sup>1299</sup> Urban decay can be defined as, among other characteristics, multiple visible symptoms of physical deterioration that invite vandalism, loitering, and graffiti that is caused by a downward spiral of business closures and long-term vacancies. The physical deterioration to properties or structures is so prevalent, substantial, and lasting for a significant period of time that it impairs the proper utilization of the properties and structures, and the health, safety, and welfare of the surrounding community. The manifestations of urban decay include such visible conditions as plywood-boarded doors and windows, parked trucks and long-term unauthorized use of the properties and parking lots, extensive tagging, graffiti, and offensive words painted on buildings, dumping of refuse on site, overturned dumpsters, broken parking barriers, broken glass littering the site, dead trees and shrubbery along with weeds, lack of building maintenance, homeless encampments, and unsightly and dilapidated fencing.<sup>1300</sup>

In order to analyze whether the Project could result in a significant indirect environmental impact of urban decay or deterioration in an identified market region, an analysis of potential secondary land use effects was prepared by CBRE Consulting (Appendix U) to assess the existing retail commercial market in relation to the Project, including potential impacts on local retailers. The analysis focuses on determining if the Project and the identified cumulative projects would directly or indirectly cause any existing retailers to close, and, if so, whether the subsequent vacancies would remain vacant for a prolonged period of time such that they develop the symptoms described that contribute to and eventually lead to urban decay. CBRE Consulting's analysis of the local retail market was based on a range of research and background resources. First, the firm has completed numerous real estate research projects in the San Francisco Bay Area and is generally familiar with the characteristics of the geographic areas covered in this study. Second, CBRE Consulting conducted field research of the major regional and neighborhood shopping nodes in southeastern San Francisco and nearby cities in May 2009 to gain a better understanding of current market conditions including shopper volumes, the level of retail vacancy, and the general condition of local retail properties. Various commercial databases, including Claritas and CoStar, informed this fieldwork by providing background on the larger shopping centers and retail businesses in the area. Moreover, taxable retail sales data from the California Board of Equalization (BOE) and information on sales tax collections from the City of San Francisco complemented the field research by providing a view of the relative performance of retail categories within specific geographic areas. Third, CBRE Consulting contacted local economic development and planning officials to understand their views on shopping patterns and the strengths and weaknesses of individual retail areas. Several prior research studies, including a January 2008 report prepared by Irwin Development Group for the Project and a Seifel Consulting May 2009 Draft report prepared for the San Francisco Redevelopment Agency on the Bayview Hunters Point Redevelopment Area offered additional background for this analysis.<sup>1301</sup>

The CBRE Consulting retail analysis is the source of the analysis of potential Project impacts on urban decay. The CBRE Consulting study considers the primary trade areas, or retail market areas, for the retail

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<sup>1299</sup> *Bakersfield Citizens for Local Control v. City of Bakersfield, et al.*, 124 Cal. App. 4th 1184; 22. Cal. Rptr. 3d 203; 2004 Cal. Daily Op. Service 10918; 2004 Daily Journal DAR 14768.

<sup>1300</sup> CBRE Consulting, September 2009.

<sup>1301</sup> See "Retail Market Analysis for Candlestick Point, San Francisco, California, January 2008," Irwin Development Group, and "Bayview Hunters Point Redevelopment Plan Amendment, Existing Conditions Report, May 2009 Administrative Draft," prepared for the San Francisco Redevelopment Agency by Seifel Consulting.

components of the Project based on the location of the Project and other retail commercial areas and shopping centers and the population and income characteristics of the area (Figure V-1 [Retail and Commercial Market Areas]). Industry sources such as ICSC and ULI were first consulted to determine what factors are most indicative of trade area boundaries for regional shopping centers. ICSC defines the typical market area for regional shopping centers as being within a 5- to 15-mile radius. San Francisco has a relatively small geography with a dense urban population. Because of this and the hilly topography of San Francisco, it was determined that a simple radius would be unrealistic and would not reflect the realities of how long it takes to drive from one point to another. Instead, the market area was determined primarily through drive-time analysis. In addition, although an estimated 12 percent of all retail trips to the Project are expected to be generated by public transit or bicycling, the drive-time estimates are viewed as a reasonable approximation of the accessibility of the Project's retail areas. For purposes of this analysis, the Candlestick Point retail market area is roughly an area that is within a 15-minute drive of the planned regional center.<sup>1302</sup> The market area defined for the HPS Phase II component is for the most part a 3-mile radius. This boundary roughly corresponds with a 10-minute drive time.<sup>1303</sup>

CBRE developed a statistical regression-based model to estimate retail spending potential for a market area based on household counts, income, and consumer spending patterns. The model determines the extent to which a designated market area is or is not capturing its sales potential based on reported taxable sales data. In California, these data are generally published by the Board of Equalization (BOE) or provided by municipal tax consultants. In order to estimate the impact of the planned retail centers to the existing retail sales base, CBRE first allocated the retail by component into the retail categories used by the BOE, which facilitates a direct comparison of the projected Project retail sales to the existing sales in the market areas.

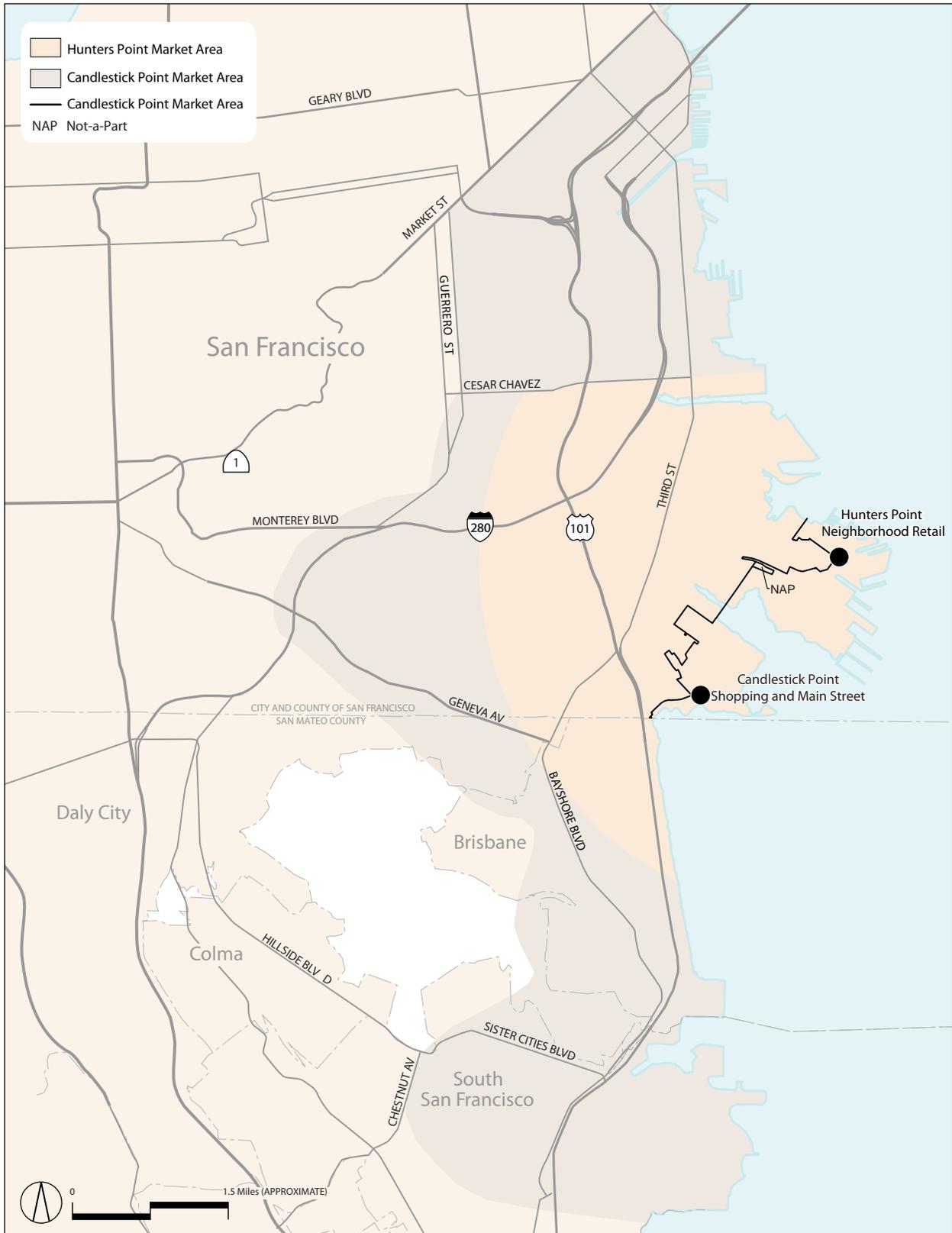
Some space at each of the Project's retail areas is allocated to non-retail tenants, which include bank branches, business services (e.g., tax preparation, real estate offices), and personal services such as hair and nail salons and dentist offices. Since revenues for these types of tenants are not tracked by the BOE, the analysis uses broader retail demand growth (based on projected new households and BOE-based sales estimates) as a proxy for the likely demand for non-retail services. In other words, if future demand from new household growth is high enough such that substantial retail sales impacts are not anticipated, then the related demand from new households should also be sufficient to support services-oriented tenants in the Project's retail areas as well. The sales estimates are for retail tenants only, as defined by the BOE classifications.

For analytic purposes, CBRE developed an estimate of the existing sales base, starting with actual annual sales data from 2007. This base was then adjusted to a 2009 estimate, with further adjustments reflecting expectations regarding the characteristics of the existing base by 2030. Retail categories in which spending is not fully captured are called "leakage" categories, while categories in which more sales are captured than are generated by market area residents are called "attraction" categories. Generally, attraction categories signal particular strengths of a retail market, while leakage categories signal particular

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<sup>1302</sup> CBRE Consulting, September 2009.

<sup>1303</sup> CBRE Consulting, September 2009.



SOURCE: CB Richard Ellis, Inc, 2009.

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**FIGURE V-1**



Candlestick Point — Hunters Point Shipyard Phase II EIR  
**RETAIL AND COMMERCIAL MARKET AREAS**

weaknesses. The CBRE report analyzes the retail sales leakage and attraction profile of the market areas, meaning the extent to which market area stores capture retail spending from market area households as well as from households located outside the market area. It provides a quantitative measure of the market area's sales performance. CBRE's approach to assessing the potential for urban decay is grounded in this analysis, focused on determine if the Project and identified cumulative projects would directly or indirectly cause any existing retailers to close, and if the subsequent vacancies would remain vacant for a prolonged period of time such that they develop the symptoms of urban decay described above.

While the first new retail may open as early as 2015, full build-out is expected to be completed in 2029 such that many Project retailers are likely to open and to have a first full year of operations in 2030. It is assumed that if the retail planned for the Project would add sales to a retail category in an amount greater than the combination of estimated recaptured leakage in the category and the expected demand from new households, at worst the remaining amount of sales would be diverted away from existing market area retailers. This Section discusses potential sales impacts to existing stores that are located inside the defined market areas and outside but near the two respective market areas as a result of potential changes in shopping patterns that could occur after the opening of the Project's retail components. For further details of the assumptions of the market analysis, please refer to Appendix U and its Exhibits.

## ■ Baseline Data

The San Francisco retail base is substantial, and the extent to which it can absorb the Project's planned retail areas without over-saturating the market and contributing to potential store closures and urban decay is dependent on many complex market factors. These factors include the size and strength of San Francisco's retail inventory, the characterization of San Francisco as a retail hub, the performance of key retail submarkets, the historic ability of the market to back-fill vacancies, and the demonstrated level of retailer interest in establishing new operations in San Francisco. As a regional center, San Francisco also draws large numbers of commuting employees from surrounding areas, who also contribute to the City's retail sales attraction. For example, the Metropolitan Transportation Commission, the transportation planning agency for the nine-county Bay Area, estimated that San Francisco's net in-commute (i.e., total employment less employed residents) was 171,544 employees in 2006 and projected that this figure would increase to 314,073 employees by 2035.<sup>1304</sup> This net inflow contributes to restaurant sales, purchases at downtown shopping areas, and stops at shopping centers along major traffic routes. In 2008, the San Francisco Convention & Visitor Bureau estimates that 16.4 million visitors to San Francisco spent \$3.6 million on restaurants, general merchandise, apparel, gas/auto services, and miscellaneous retail.<sup>1305</sup> That comprises a large portion of San Francisco's previous year's total annual taxable sales of \$10 billion. Total leasable space in San Francisco is approximately 3.8 million square feet.<sup>1306</sup> Total retail sales tax collected for 2007 was \$117 million. The largest spending category is restaurants, comprising 21 percent of total retail sales tax, an unusually large share compared to the average of 13 percent of total taxable sales statewide.<sup>1307</sup>

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<sup>1304</sup> See "Travel Forecasts Data Summary: Transportation 2035 Plan for the San Francisco Bay Area, December 2008," Metropolitan Transportation Commission; ([http://www.mtc.ca.gov/maps\\_and\\_data/datamart/forecast/](http://www.mtc.ca.gov/maps_and_data/datamart/forecast/)).

<sup>1305</sup> San Francisco Convention & Visitor Bureau, *Total Direct Visitor Spending within San Francisco: 2008*.

<sup>1306</sup> CBRE Consulting, September 2009.

<sup>1307</sup> CBRE Consulting, September 2009.

San Francisco's sales are concentrated in the eating and drinking places category (i.e., restaurants) and among other retail establishments, which include office supplies, computer stores, jewelry, sporting goods, and miscellaneous retail. The sales share for apparel stores (10.3 percent of the total) is also high, especially when compared with the statewide average of 3.7 percent, whereas the shares for motor vehicles and parts, service stations, and building materials are relatively low.<sup>1308</sup> San Mateo County, by contrast, offers a much more representative mix of retail when compared with the rest of the state since there are more areas devoted to car dealers and "big box"-type stores. Within San Mateo County, the cities of Daly City and San Bruno host regional-serving retail primarily at Westlake Shopping Center, Serramonte Center, and the Shops at Tanforan, though these two cities still capture a relatively small share of overall purchases among the two counties.

CBRE Consulting also evaluated data provided by the City of San Francisco showing the annual sales tax collections by retail category for 2003-2008, which are prepared by MuniServices, a municipal tax consulting firm. The 2008 sales tax information presents a more current picture of retail activity in San Francisco and reinforces the findings about the mix of retail that were apparent in the BOE figures. Total retail sales tax collected for 2008 was \$117.0 million, which reflects San Francisco's percentage share of overall sales tax collections. Another advantage of the MuniServices information is that it includes subsets of the data for several neighborhood retail districts within San Francisco, including South Bayshore, which substantially overlaps with the HPS Phase II market area and also accounts for a large Section of the Candlestick Point market area. Sales tax data for the Third Street corridor (a subdistrict within South Bayshore), San Bruno Avenue, and Leland Avenue serve as further indicators of the mix and level of the retail activity in the southeastern Section of San Francisco. Table 6 presents the sales tax collections for South Bayshore and the other relevant retail districts tracked within the MuniServices data. Since the Third Street corridor appears to be fully within the South Bayshore boundaries, these areas in total provide about 13 percent of the taxable retail purchases in the City.

The market area for the Candlestick Point regional center contains one primary retail district—South Bayshore—that could potentially be impacted by the opening of the Project's retail components. There are also three sub-district corridors in the Candlestick Point market area: Third Street, San Bruno Avenue, and Leland Avenue. The South Bayshore area accounts for the majority of taxable retail activity in these parts of San Francisco. In addition, unlike the City as a whole, the categories of building materials, service stations, and motor vehicles and parts are particularly strong, each comprising at least a third of San Francisco's overall taxable sales in these sectors. The South Bayshore district showed 2008 taxable retail sales totaling \$1.3 billion. This corresponds to \$13.5 million in sales tax revenue, which represents approximately 11.5 percent of San Francisco's total sales tax collected for 2008. The Third Street corridor, a subset of the South Bayshore retail district, is an emerging transit-oriented area following the introduction of a new light rail line along Third Street in 2007. The construction of the Third Street line included a mix of infrastructure improvements such as new sidewalks, lights, and benches. Comprising only 2.2 percent of total San Francisco retail sales tax, with taxable retail sales totaling \$258.1 million and sales tax of \$2.6 million, the largest taxable retail category in the Third Street corridor is building materials. Gas stations and restaurants are the next two biggest taxable categories. Taxable retail sales totaled \$258.1 million and sales tax \$2.6 million for this sub-district in 2008. San

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<sup>1308</sup> See *Taxable Sales In California (Sales & Use Tax) During 2007*, Table 1, California Board of Equalization website ([http://www.boe.ca.gov/news/pdf/ts\\_a07.pdf](http://www.boe.ca.gov/news/pdf/ts_a07.pdf)).

Bruno Avenue is a small retail district located just to the southwest of where Highway 101 crosses Interstate 280. The retail area is primarily an 8- to 10-block stretch of gas stations, shops, restaurants, and service-oriented businesses between Hale Street on the northern end and Paul Street to the south. A few of the intersecting streets are major thoroughfares that pass under elevated sections of the freeway, and there is a highway exit and on-ramp from San Bruno Avenue at Stillman Street. The retail properties in the area tend to be older and are in fair to moderate condition. The larger stores include Walgreens, a Kragen Auto Parts, and a few ethnic specialty food markets. Fast food chains and other convenience restaurants (pizza, taquerias, Asian take-out) are also common. While there were a few retail vacancies in the area, these were being marketed by landlords, and there were signs that older properties had been re-tenanted with new uses, (e.g., a former movie theatre that is now occupied by a church). The retail sales tax revenues in this corridor account for about 1.4 percent of total sales tax citywide. Gasoline stations contribute the highest share of the district's tax revenues, followed by restaurants, other retail, and motor vehicles and parts. This neighborhood also appears to have been served by a Cala Foods grocery store (1390 Silver Avenue) that has closed. CBRE Consulting visited this property during its field research in May 2009. At the time, the store was closed with a chain-link fence around the property, and no real estate brokerage signs were visible, which suggests that the property was not yet being marketed to new tenants.

Leland Avenue's retail district is the smallest of the four neighborhood shopping areas in the MuniServices data that CBRE Consulting analyzed, accounting for 0.1 percent of all retail sales tax collected in San Francisco. This shopping district, which is located within the Visitacion Valley neighborhood, has lower traffic volumes and a smaller mix of retail options than either the Third Street or the San Bruno Avenue corridors. The four-block Section of Leland Avenue between Bayshore Boulevard and Cora Street has a Bank of America branch, a few small restaurants and produce stores, and some neighborhood services. This district also previously included a small grocery store, the Super Fair market, which was listed in a Claritas database of neighborhood businesses. However, during CBRE Consulting's field research in May 2009, this store building had been razed. Taxable retail sales totaled \$13.2 million in 2008, with \$131,733 collected in sales tax. Chart 5 below shows this district's sales tax by retail type in comparison to San Bruno Avenue. Sales tax in the Grocery category comprised about half of all retail sales tax in the Leland Avenue district, though it appears that there has also been a recent food store closure in the area.

As mentioned, the South Bayshore area, which is primarily south of Cesar Chavez Avenue and east of Highway 101 in San Francisco, comprises a large part of both the HPS Phase II and the Candlestick Point market areas. While the introduction of the Third Street light rail line has contributed to investment in this neighborhood, this Section of the city is largely within the Bayview Hunters Point Redevelopment Project Area. Specifically, Project Area B, as defined by the San Francisco Redevelopment Agency, encompasses most of the Third Street retail corridor.

Seifel Consulting prepared a recent mandated study of the Bayview Hunters Point Redevelopment Area for the San Francisco Redevelopment Agency. While the report highlighted several positive improvements in Project Area B including the planned development of a 15,000-square-foot Fresh & Easy grocery store and the potential opening of a Lowe's Home Improvement store, Seifel Consulting concluded that "Project Area B continues to suffer from unsafe and unhealthy buildings, inadequate

circulation, lack of economic development, underutilized retail and commercial corridors, environmental impediments, problem businesses and a high crime rate.”<sup>1309</sup> These conditions are indicative of economic and physical blight and are “substantial and prevalent”<sup>1310</sup> in Project Area B such that further redevelopment was recommended.

With regard to retail properties in particular, the Seifel report indicates that the two retail corridors in the area, Third Street and a Section of Bayshore Boulevard, have historically had higher vacancies than other areas of San Francisco due to the perception of crime in the area. One business, a Walgreens located on the corner of Third Street and Williams Avenue reportedly spends \$15,000 per month on security measures and loses about \$12,000 per month in merchandise theft. There are numerous mid-sized to large retail properties in Project Area B that have experienced long-term vacancies and have fallen into disrepair due to limited demand and existing rent levels that are reportedly too low to justify investments in building improvements. Specifically, the 50,000-square-foot former Goodman’s Lumber store on Bayshore Boulevard has been vacant for almost a decade while the adjacent former Whole Earth Access store space has been closed for at least 13 years.<sup>1311</sup>

Further analysis by Seifel Consulting indicates that retail lease rates in the Project Area B are much lower than other neighborhood shopping districts in San Francisco due a range of factors:

Bayview neighborhood commercial establishments struggle to attract desirable tenants due to the poor condition of buildings along Third Street, the high crime rate, and public improvement deficiencies. Moreover, the ability to attract tenants is hampered by the lack of local brokers specializing in the area. Retail brokers tend to specialize in geographic areas with a concentration of retailers. The perception of the brokerage community is that the Bayview retail market is weak or non-existent for neighborhood serving retailers. The area will likely continue to struggle unless this perception is changed through redevelopment assistance.<sup>1312</sup>

The Seifel Consulting analysis of retail property conditions is consistent with CBRE Consulting’s observations about the South Bayshore shopping districts. While there are some larger retailers such as Walgreens, Smart & Final, and a Foods Co. store, which had moderate shopper volumes, there are also sections of Third Street and Bayshore Boulevard with vacant store space that is not likely to be re-tenanted without substantial investment in improvements.

For the purpose of this analysis, CBRE Consulting calculated the retail sales base so that the magnitude of each component of the Project’s impact on the market area could be measured against the existing base. While the analysis assumes the Project would not be fully operational until 2030, the sales base relevant to the analysis for CEQA purposes is the existing sales base, reflective of existing conditions. CBRE Consulting developed an estimate of the existing sales base, starting with actual annual sales data from 2007. This base was then adjusted to a 2009 estimate, with further adjustments reflecting expectations regarding the characteristics of the existing base by 2030. Sales base adjustment factors may include the opening of new shopping centers and stores, closure of retail stores that contributed to the

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<sup>1309</sup> “Bayview Hunters Point Redevelopment Plan Amendment, Existing Conditions Report, May 2009 Administrative Draft,” prepared for the San Francisco Redevelopment Agency by Seifel Consulting, p. I-3.

<sup>1310</sup> Ibid., p. III-65.

<sup>1311</sup> Ibid., p. III-47; Note that redevelopment of the Goodman’s Lumber store site has been planned for years and that Lowe’s Home Improvement is currently evaluating the property as a new store location.

<sup>1312</sup> Ibid., p. III-50.

2007 sales base, changes in consumer preferences in retail spending, and residential growth in the area, which drives additional demand for retail goods. The Candlestick Point market area sales base is calculated to be \$5.34 billion in 2007, but is adjusted to \$5.30 billion in 2009. The HPS Phase II market area retail sales estimate was \$554.1 million in 2007, adjusted to \$534.8 million in 2009.<sup>1313</sup>

The Candlestick Point market area had a strong retail sales draw in 2007, to which sales were attracted in almost every retail category except Motor Vehicles and Parts. The market area can be characterized as fully meeting the retail needs of its residential population, as well as partially supporting the retail needs for households beyond the market area boundaries. These sales attraction and leakage findings (for the category stated) suggest that the market area is a retail destination supporting numerous shopping centers and retailers that draw from a consumer base far exceeding the market area's resident population.

Based on 2007 retail sales data, the HPS Phase II neighborhood retail market area had retail sales leakage, with 10.9 percent of residents' spending (\$68.1 million) estimated to occur outside the geographic area. Despite overall retail sales leakage, food stores, home furnishings and appliances, and building materials had attraction. The defined market area for HPS Phase II had a net loss of retail sales, despite these three retail categories that attracted substantial retail sales from non-residents. Overall, the HPS Phase II market area can be characterized as not fully meeting the retail needs of its resident population. These sales attraction and leakage findings suggest that the market area is underserved by retail in most categories except for the three categories that experienced attraction.

## ■ Candlestick Point Retail Sales Impacts

The Candlestick Point retail component would contain 635,000 sf of regional retail and an adjacent 125,000 sf of adjacent neighborhood retail and business services area. The regional center would be anchored by a 125,000 sf general merchandiser. Other anchors would be a 60,000 sf grocery store and a cinema. Large stores planned include those selling books, sporting goods, hardware, and electronics. Smaller stores would include 70,000 sf of apparel, a food court, sit-down restaurants, furniture and home furnishings, gifts, and specialty retail. A small portion of the space would be allocated to business and personal services stores such as banks, spas, and salons.

The CBRE Consulting report estimates that sales at the Candlestick Point regional center would total \$190.6 million in 2009 dollars annually, with another \$26.7 million at the adjacent neighborhood retail area. Sales at the Candlestick Point regional center would be concentrated in the "Other Retail Stores" category, which covers electronics/appliances, sporting goods, books, a cinema, and other specialty retailers, as well as the General Merchandise and Apparel Categories. The neighborhood retail planned adjacent to the regional center would include Restaurants, Other Retail Stores, a drug store, and some non-retail personal services and businesses.

CBRE Consulting calculated the assumed percentage of new demand within the market area that could be captured by the Candlestick Point regional center and neighborhood retail. These capture rates were developed based on comparing the share of the new development's projected sales to the total retail sales in the market area. As shown in Exhibit 34 of Appendix U, the 24,395 households added by 2030 are projected to generate \$694 million in new retail demand spread across the BOE retail categories. The

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<sup>1313</sup> CBRE Consulting, September 2009.

CBRE Consulting analysis determined that Candlestick Point market area retailers could reasonably expect to capture between 50 and 85 percent of the new household demand, depending on the retail category (refer to Exhibit 34 of Appendix U). Applying these capture rates, Candlestick Point market area retailers would capture up to \$284.6 million in sales generated by the new market area residents. Further applying these capture rates for this portion of the Project, \$11.0 million in new household demand is likely to be captured by the planned Candlestick Point regional center and neighborhood retail stores. This comprises approximately 4.0 percent of all available market area captured sales. Remaining demand would be available to offset sales diverted from existing retailers as a result of the Candlestick Point development achieving its projected level of sales. The \$246.3 million in new household demand captured within the market area would be available to offset any potential impacts (Market Area Sales Captured minus Estimated Capture of Demand from New Households minus New Demand Captured by HPS Phase II Retail minus Other Demand Captured by Offsetting Impacts in HPS Phase II Market Area; refer to Exhibit 34 of Appendix U).

Another source of potential retail demand for new retail projects can be recaptured sales leakage from resident spending that is occurring outside the Candlestick Point market area. However, the Candlestick Point market area has retail sales leakage in only one category, Motor Vehicles and Parts. This category is not relevant to the analysis, since no motor vehicles and parts retailers are planned for the regional center or neighborhood retail area. Exhibit 35 of Appendix U shows that no potential leakage from the market area that would be available to absorb sales at the new retail planned for Candlestick Point.

New demand associated with household growth is estimated to account for \$11.0 million of the Project's projected \$173.2 million in market area sales (refer to Exhibit 35 of Appendix U). The remaining \$246.3 million in demand from new households would be distributed among other market area stores, such that potential impacts to existing stores would be at least partially offset. Remaining impacts are estimated in the Apparel Stores and Other Retail Stores categories. However, as a share of the market area sales, these impacts are only 2.3 percent in Apparel and less than 1.0 percent in the Other Retail Stores category. There is also still a large amount of remaining demand in the General Merchandise, Food Stores, Restaurants, and Building Materials categories. If any Apparel retailers or Other Retail Stores were to close due to development at Candlestick Point, there appears to be sufficient demand for a store in a different retail category to re-tenant the space. Therefore, no substantial impacts to the detriment of existing retailers in the Candlestick Point market area, including retailers on Third Street, Leland Avenue, and San Bruno Avenue, are estimated to lead to prolonged vacancies as a result of the Candlestick portion of the Project.

CBRE Consulting also identified seven regionally oriented shopping centers in San Francisco, Daly City, San Bruno, and San Mateo, which are potentially competitive with the planned regional center at Candlestick Point. Six of these centers were analyzed through field research, and background on these properties is presented below. The seventh center, Hillsdale Shopping Center in San Mateo, was considered too distant to merit a field visit, though this shopping area was included in the analysis.

These seven centers range in size from 569,049 square feet to 1,250,000 square feet, with an average of about 850,000 square feet. Exhibits 39 through 41 of Appendix U map the locations of each of these shopping centers in comparison with the Candlestick Point regional market area. Estimated trade areas and trade area overlaps with the Candlestick Point market area are shown for three representative

centers: Westfield San Francisco Centre, the Shops at Tanforan, and Westlake Shopping Center. CBRE Consulting calculated the number of households within each of the three regional shopping centers' respective trade areas and the degree of overlap with the Candlestick Point market area. Trade area estimates range from 167,447 to 303,645 households for each of the three centers. Estimating the potential diversion of the existing consumer base based on the assumption that up to one-half of the trade area households in the overlapping geographies may redirect their purchasing to the Candlestick Point retail stores, the representative centers and surrounding regional retail could experience potential sales impacts of as much as 16.1 percent of their 2009 retail base following the opening of the Candlestick Point retail area.

Projections show that long-term household growth would exceed the estimates of potential consumer sales base diversions for two of the three representative trade areas (Westfield and Tanforan). The trade area for the third representative regional center (Westlake) could experience a net loss of 1.1 percent of its 2009 estimated trade area household base despite household growth.<sup>1314</sup> Similar results are anticipated for the other regionally oriented shopping nodes. Consequently, local household growth from 2009 to 2030 in San Francisco and surrounding San Mateo County cities would likely be strong enough to generate sufficient new demand to offset most, if not all, potential sales impacts on competitive stores. Similarly, new household demand growth is anticipated to be ample enough to support the non-retail tenant space within the regional center and neighborhood retail component without creating substantial sales diversions from competitive businesses in the market area. If, however, a comparable business does close due to the opening of the new non-retail tenants at Candlestick Point, demand for other non-retail services or across retail categories is expected to be sufficient such that any vacant spaces can be re-tenanted.

San Francisco and northern San Mateo County offer a diverse set of retail options, which serve local residents, daily commuters, out-of-town business travelers, and tourists. Despite recent declines in local retail sales, most of the regional- and neighborhood-shopping areas that CBRE Consulting visited had limited vacancies due to store closures, and with the exception of the South Bayshore area, retail properties were typically well maintained. In addition, the San Francisco metro area is viewed as a vibrant market, where many national retailers are continuing to expand. Based on the findings regarding the presence of new retail demand sufficient to support the Candlestick Point regional and neighborhood retail components, other cumulative retail projects, and/or backfill retail spaces vacated as a result of Project impacts, the Candlestick Point regional and neighborhood retail components would not cause or contribute to urban decay. This conclusion pertains to the Candlestick Point retail components on both an individual and cumulative basis.

## ■ HPS Phase II Retail Sales Impacts

The HPS Phase II neighborhood retail would be located in a Village Center and along adjacent streets, totaling 125,000 square feet. The largest component, a small grocery store, would account for 30 percent of the space. General merchandise retailers, restaurants, and specialty retail are anticipated to account for

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<sup>1314</sup> This is based on a very conservative estimate that the planned Candlestick Point retail area would divert a full 50 percent of household demand from the overlapping trade area, and would be lower if a more moderate assumption of re-directed demand had been applied.

15 percent of the space each. Other retailers and business and personal services stores are each projected to account for 10 percent. About 5 percent of the space would be filled by home furnishings and appliances stores.

Sales at the HPS Phase II neighborhood retail component would total \$41.3 million annually. Sales at the HPS Phase II neighborhood retail component would be concentrated in a Grocery Store, the Other Retail Stores category, Restaurants, and the General Merchandise category as those categories are defined in the CBRE Consulting analysis in Appendix U.

HPS Phase II market area household growth represents a major source of new demand for the planned retail and other area retailers. A total of 13,892 new households will be added to the HPS Phase II market area between 2009 and 2030, which includes the 10,500 units planned for the Project and the 1,600 units planned at Schlage Lock. The market analysis assumes that HPS Phase II market area retailers can reasonably expect to capture between 20 and 90 percent of the new household demand, depending on the retail category. Capture rates were estimated based on consumer spending patterns as well as the amount of existing retail offerings in the market area as opposed to offerings outside the market area. Applying these capture rates (refer to Exhibit 30 to Appendix U), HPS Phase II market area retailers would capture up to \$116.9 million in sales generated by the new market area residents. The analysis further concludes that \$13.8 million in new household demand is likely to be captured by the planned HPS Phase II neighborhood retail stores. This comprises approximately 12 percent of all available market area captured sales, and \$103.1 million in new household demand would be available to offset any sales diverted from existing retailers as a result of HPS Phase II achieving its projected level of sales.

Another source of potential retail demand for new retail projects can be recaptured sales leakage from resident spending that is occurring outside the HPS Phase II market area. Exhibit 31 of Appendix U shows that there is leakage in the relevant categories of General Merchandise, Eating and Drinking Places, and Other Retail Stores. It is assumed that only one-third of leakage in the market area in the relevant categories would be absorbed by new retail offerings as HPS Phase II. Given this conservative assumption, it is estimated that there would be \$5.4 million of retail sales leakage in General Merchandise, \$1.9 million in Eating and Drinking Places, and \$9.8 million in Other Retail Stores available to HPS Phase II retailers.

The demand associated with new household growth is expected to absorb a large component of sales at the planned HPS Phase II neighborhood retail area in 2030, which represents the first full year of operations. New demand associated with household growth is estimated to account for \$13.8 million of the Project's \$41.3 million in market area sales (Market Area Sales Captured x Estimated Capture of Demand from New Households). The remaining \$103.1 million in demand from new households (Market Area Sales Captured minus Estimated Capture of Demand from New Households – See Exhibit 30 of Appendix U) would be distributed among other market area stores, such that any potential impacts to existing stores would be fully offset. While these recaptured sales would occur to the detriment of other retailers outside the market area, there is still other remaining demand available to offset both these impacts and those in the market area. Therefore, no substantial impacts would occur to the detriment of existing retailers due to the proposed HPS Phase II neighborhood retail.

With respect to an analysis of sales impacts beyond the HPS Phase II market area, CBRE Consulting identified and analyzed neighborhood-oriented shopping nodes within San Francisco and in cities to the south. The analysis of neighborhood retail impacts utilizes the locations of mid-sized to larger Food Stores as an indicator of the distribution of local shopping areas near the HPS Phase II market area. Exhibit 36 of Appendix U presents a map of forty-four grocery stores located in San Francisco, Daly City, and South San Francisco. Three of these stores are within the HPS Phase II neighborhood market area. The remaining forty-one stores are viewed as potentially competitive with the Food Stores component of the proposed HPS Phase II retail development. Supermarkets and neighborhood retail centers typically draw customers from a 3- to 5-mile trade area. Seven of the forty-one stores were selected for detailed analysis, all within a 3-mile radius trade area:

- Whole Foods Market (399 4th Street, San Francisco)
- Foods Co. (1800 Folsom Street, San Francisco)
- Good Life Grocery (1524 20th Street, San Francisco)
- Delano IGA Market (1245 South Van Ness Avenue, San Francisco)
- Safeway (5290 Diamond Heights Boulevard, San Francisco)
- Safeway (4950 Mission Street, San Francisco)
- Safeway (30 Chestnut Avenue, South San Francisco)

Trade area household estimates range from 50,648 households for the Safeway in South San Francisco to 247,754 household for the Foods Co. supermarket on Folsom Street. As many as half of the households located within the overlap of a store's trade area and the HPS Phase II retail market area may shift their related purchases to the neighborhood retail component of the Project. For one of the stores, up to an estimated 7.7 percent of its 2009 trade area demand (equivalent to 9,861 households) and 7.7 percent of other neighborhood sales near this store may be diverted to the HPS Phase II neighborhood retail stores. For the other stores, the consumer base diversion would range from 0.8 percent to 4.9 percent, assuming a very conservative 50 percent shift in existing overlapping household demand. Based on household growth projections for the market area, each of the representative store trade areas would be likely to experience sufficient levels of new demand to offset any projected sales diversions prior to 2030. None of the seven representative grocery stores or their surrounding local shopping nodes would experience a net loss in demand due to the opening of the planned HPS Phase II neighborhood retail component. In general, the level of trade area overlap, even for the most proximate grocery stores or neighborhoods, would not be substantial compared to the levels of household growth projected from 2009 to 2030.<sup>1315</sup>

Moreover, as shown in Exhibit 8 and Table 4 of Appendix U, about 10 percent of the tenant space (11,875 square feet) in the HPS Phase II neighborhood retail area is allocated to non-retail services businesses such as a bank branch or a dry cleaner. Since new household growth is estimated to create demand that is sufficient to offset potential retail sales impacts, it is likely that this incremental demand would also support the anticipated mix of neighborhood-oriented non-retail tenants without generating sales diversions from comparable businesses.

San Francisco and northern San Mateo County offer a diverse set of retail options, which serve local residents, daily commuters, out-of-town business travelers, and tourists. Despite recent declines in local retail sales, most of the regional- and neighborhood-shopping areas that CBRE Consulting visited had

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<sup>1315</sup> CBRE Consulting, September 2009.

limited vacancies due to store closures, and with the exception of the South Bayshore area, retail properties were typically well maintained. In addition, the San Francisco metro area is viewed as a vibrant market, where many national retailers are continuing to expand. Based on the findings regarding the presence of new retail demand sufficient to support the HPS Phase II neighborhood retail, other cumulative retail projects, and/or backfill retail spaces vacated as a result of Project impacts, the HPS Phase II retail component would not cause or contribute to urban decay. This conclusion pertains to the HPS Phase II retail component on both an individual and cumulative basis.

## ■ Cumulative Impacts

This analysis quantifies the impact of the Project retail taking into consideration other planned competitive retail developments. The cumulative projects are those that are reasonably foreseeable to be open and have a first full year of retail operations by 2030. The approach for this analysis is the same as for the Project analysis: if the cumulative retail developments, including the planned Project retail, add sales to a retail category in an amount greater than the combination of estimated recaptured leakage in the category and the expected demand from new households, the remaining sales are estimated to be diverted from existing market area retailers. The cumulative projects and assumptions made in their selection are identified in Appendix U and Exhibits 44 and 46. Several cumulative projects are identified related to the Candlestick Point development, and one project, India Basin, is identified as a cumulative project with respect to the HPS Phase II component.

Based on the methodology in Appendix U and calculations shown in Exhibit 49, cumulative projects within and near the Candlestick Point market area would capture 7.6 percent of new household demand and contribute \$263.8 million in estimated retail sales to the Candlestick Point market area by 2030.<sup>1316</sup> The estimated new household demand for retail estimated to be captured by the Candlestick Point regional center/neighborhood retail area in combination with the cumulative projects totals \$35.5 million. The remaining new household demand, \$389.2 million, is then reduced by the estimated HPS Phase II neighborhood retail sales, since the previous analysis found that all HPS Phase II sales would be offset by new household demand. The net remaining demand that would offset impacts to other existing retailers is \$347.9 million (refer to Exhibit 55 of Appendix U). The Candlestick Point market area may experience up to \$125.3 million in sales impacts in 2009 dollars that will likely be spread among many retailers. However, if certain retailers are affected disproportionately, store closures could occur. The final remaining new household demand in the Candlestick Point market area (\$180.2 million) is in categories that could be re-tenanted by a retailer in a category with remaining new household demand. Therefore, any vacancies due to the Candlestick Point component and the cumulative projects would not remain empty for a prolonged period of time. The existing retail districts in the Candlestick Point market area, Leland Avenue, San Bruno Avenue, Third Street, and South Bayshore, also are unlikely to be negatively impacted by the Candlestick Point regional center and neighborhood retail area in combination with cumulative projects because their main retail categories are estimated to have minimal impacts. New household growth in the Candlestick Point market area and remaining demand in

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<sup>1316</sup> Approximately \$206.6 million in sales would be generated by projects in the Candlestick Point market area and \$71.1 million would come from projects outside of but near the Candlestick Point market area. Refer to Exhibit 49.

categories such as Restaurants, Food Stores, and Building Materials categories would be likely to benefit the existing retail districts.<sup>1317</sup>

Cumulative projects in the HPS Phase II market area would capture 9.1 percent of new household demand and contribute \$12.7 million in retail sales to this market area. Approximately \$14.8 million of new household demand for retail would be captured by the HPS Phase II neighborhood retail area in combination with the India Basin cumulative project. The remaining new household demand would be \$102.1 million. The HPS Phase II market area may experience up to \$0.4 million in sales impacts in 2009 dollars in the Other Retail Stores category. These impacts would be relatively small, accounting for only 1.0 percent of the market area sales base in this retail category, or 0.1 percent overall. These impacts would likely be spread among many retailers; however, if certain retailers are affected disproportionately, store closures could occur. If store closures were to occur, vacant spaces could be re-tenanted by a retailer in a category with remaining new household demand. Therefore, existing retail in the HPS Phase II market area would not be negatively impacted by the neighborhood retail planned at HPS Phase II and India Basin. Instead, new household growth in the HPS Phase II market area would likely benefit the existing retail uses.<sup>1318</sup>

## ■ Conclusion

As noted, above, new household demand by 2030, the assumed operational year of the Project retail developments, is anticipated to be sufficient to result in minimal anticipated negative sales impacts on existing retailers. There would be new demand due to household growth to support the Project's retail projects and recapture leakage relative to HPS Phase II, as well as existing retail developments both in the retail market areas and nearby (with shared market portions) that may experience some Project-related diverted sales. The planned Project retail components would not lead to the closure of existing retailers on a cumulative basis after consideration of demand generated by household growth. Despite identified plans for 3.5 million square feet of cumulative retail development, the Project's retail components would not result in retail store impacts leading to prolonged retail store vacancy. While some stores could close as a result of diverted retail sales, sufficient retail demand is anticipated in other retail categories that would enable new or expanded retail establishments to "backfill" the resulting vacancies. Therefore, the existing retail commercial base is not anticipated to experience prolonged vacancy or other conditions likely to contribute to or lead to urban decay. The Project's impact on an individual and cumulative basis would be less than significant.

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<sup>1317</sup> CBRE Consulting, September 2009.

<sup>1318</sup> CBRE Consulting, September 2009.