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Constitutional Violations, Environmental Racism, and Unacceptable Public Safety Risks Threatening Schapiro Knolls Residents

Formal Public Comment & Intervention Letter to the CEC

Date: August 24, 2026

To: California Energy Commission (CEC) – Siting, Transmission, and Environmental Protection Division

Project under Review: Seahawk Battery Energy Storage System (BESS)

Project Owner: Sequoia Energy Storage 1, LLC (Subsidiary of New Leaf Energy, Inc.)

Location: 90 Minto Road, Unincorporated Santa Cruz County / Watsonville, CA

Regulatory Pathway: AB 205 Opt-In Permitting Framework

CEC Docket Number: 26-OPT-02

Subject: URGENT PUBLIC COMMENT: Constitutional Violations, Environmental Racism, and Unacceptable Public Safety Risks Threatening Schapiro Knolls Residential Housing

To the Commissioners of the California Energy Commission:

We, the residents, neighbors, and advocates of the Schapiro Knolls housing community located directly adjacent at 33 Minto Road, submit this formal comment to voice our absolute opposition to New Leaf Energy's proposed Seahawk Battery Energy Storage System (BESS). We implore the Commission to reject this application under the AB 205 Opt-In framework. The local risks of this 200-megawatt industrial development overwhelmingly outweigh its minimal local benefits. Our vulnerable, low-income community must not be sacrificed as an environmental dumping ground for energy storage infrastructure.

Schapiro Knolls is an 88-unit affordable housing community. It stands as the largest HUD-assisted residential complex in Watsonville, serving as a sanctuary for over 300 low-income tenants, including young children, multi-generational families, and elderly individuals.

Placing a massive, industrial lithium-ion infrastructure project on a small plot directly adjacent to our backyards, playground, and homes creates an unacceptable environment. We ask the CEC to consider these specific legal, constitutional, and structural arguments:

1. Violation of Constitutional Rights and Federal Civil Rights Law

Siting a high-consequence hazardous industrial facility directly adjacent to the largest low-income, minority HUD community in Watsonville constitutes an existential threat to our residents' Constitutional Rights:

* Fourteenth Amendment Equal Protection Clause: Forcing a protected, marginalized demographic to bear the life-threatening burdens of regional clean energy demandsâ€”burdens that would never be imposed on affluent, white neighborhoodsâ€”is a clear violation of equal protection.

* Civil Rights Act Title VI: Because the CEC operates using federal infrastructure funds, fast-tracking a hazardous facility next to a minority HUD property constitutes discriminatory impact and environmental racism.

* Legal Precedent: This scenario mirrors landmark federal environmental justice lawsuits (such as *RISE v. St. Johns County* and *Brantley v. United States*), where courts ruled that state and local agencies cannot selectively cluster hazardous infrastructure next to minority or subsidized housing without violating civil rights protections. The CEC opens itself up to severe civil rights litigation by ignoring these precedents.

2. Exploitation of Federal Incentives and Predatory Siting Strategy

New Leaf Energy is utilizing state preemption to bypass Santa Cruz County zoning boardsâ€”and they stand to capture a massive financial windfall by leveraging a combination of federal tax credits created by the Inflation Reduction Act (IRA) and state utility frameworks:

* The Federal Investment Tax Credit (ITC): Under Section 48 of the Internal Revenue Code, standalone commercial battery storage systems qualify for a 30% baseline tax credit of the total project expenditure.

* The IRA Low-Income Communities Bonus Credit (Section 48(e)): This adds an additional 10% to 20% tax credit boost for clean energy installations built in or directly adjacent to federal housing tracts. By choosing 90 Minto Road, which shares a direct property border with Schapiro Knollsâ€”Watsonville's largest HUD-assisted residential assetâ€”the developer positions itself to secure this geographic bonus.

* The Energy Community Tax Bonus: The IRA provides another stackable 10% tax credit bonus if a facility is built in a qualifying distressed or environmentally burdened census tract.

* The Financial Motivation: By stacking these programs, the developer can push their total federal financial subsidy up to 40% to 50% of the projectâ€™s total value. This is predatory siting: the developer is collecting tens of millions of public dollars in extra incentives precisely because they are building next to a low-income population, yet our tenants are expected to absorb 100% of the physical, toxic, and fire risks.

3. Failure to Address Core CEQA Environmental Justice (EJ) Mandates

Because HUD housing inherently serves low-income families, elderly individuals, and historically disadvantaged demographics, a primary and non-negotiable focus of the California Environmental Quality Act (CEQA) process must be an explicit, rigorous Environmental Justice (EJ) analysis.

- * Under CEQA guidelines, the lead agency is legally required to analyze whether placing industrial-scale battery systems next to vulnerable populations constitutes an inequitable environmental and public health burden.

- * Siting a 200-megawatt facility within feet of hundreds of minority children and seniors fails this standard.

- * The project concentrates all structural, chemical, and physical dangers directly onto a community least equipped to absorb an industrial crisis. This failure to adequately mitigate the disparate impact violates both the spirit and letter of California's environmental protection statutes.

4. Triggering Federal Environmental Review and Funding Risk

Because Schapiro Knolls is a HUD-assisted property, federal law strictly dictates its operational standards. Under 24 CFR Part 50 and Part 58, any upcoming federal milestones—such as a refinancing, physical rehabilitation, or a subsidy contract renewal—will trigger a mandatory HUD Environmental Clearance.

- * HUD's strict environmental protocols explicitly mandate evaluating adjacent properties for explosive, chemical, toxic, industrial hazards, and nuisances.

- * Because industrial battery storage systems present low-probability, high-consequence safety risks (such as thermal runaway and toxic gas plumes), HUD or its designated local housing authority must formally investigate if the facility threatens the long-term habitability of the apartments.

- * Critically, Seahawk has completely failed to collaborate in this mandatory assessment. By refusing to engage with federal and housing authority compliance metrics, the developer is actively blinding regulators to a catastrophic hazard that will cause Schapiro Knolls to fail its upcoming federal reviews. This omission directly jeopardizes the federal subsidies allowing over 300 low-income residents to afford their homes, risking the complete defunding and structural loss of Watsonville's premier affordable asset.

5. Violations of Federal Housing Law & HUD Site Acceptability Standards

Under federal law, HUD has an absolute statutory mandate to ensure that all federally assisted housing environments are "decent, safe, and sanitary." The proposed BESS facility explicitly violates several cornerstone federal regulations:

* The Housing Act of 1937 (42 U.S.C. Â§ 1437 et seq.): Establishes the federal mandate to maintain safe living environments for subsidized tenants, a standard directly compromised by placing an industrial-scale hazard within feet of residential property.

* Federal Safety Enforcement Mandates: HUD is legally required to actively engage and intervene when external commercial developments threaten the safety, structural integrity, or habitability of a HUD-funded asset. By approving this site, the CEC forces a head-on conflict with federal statutory requirements.

6. Violations of Federal Acoustic Comfort Standards (Noise Pollution)

Industrial BESS facilities rely on massive, continuous HVAC cooling infrastructure and heavy-duty electrical inverters operating 24/7 to prevent battery overheating. The resulting constant, low-frequency hum directly conflicts with federal environmental protections:

* HUD Noise Regulation (24 CFR Part 51, Subpart B): Federal law establishes strict statutory limits on noise exposure for HUD-assisted residential properties to ensure a livable acoustic environment.

* Chronic Health Impacts: The constant 24-hour low-frequency noise will penetrate the walls of Schapiro Knolls, causing severe sleep disruption, elevated stress, and negative mental health impacts for the 300+ residents living adjacent to the facility. This unrelenting acoustic assault violates HUD's explicit noise attenuation mandates.

7. Demanding Strict Fire and Structural Compliance

The federal government relies heavily on local code enforcement to protect its housing assets. HUD properties must strictly adhere to Title 24 of the California Fire Code and all updated life-safety building standards. In this scenario, HUD and regional authorities possess the framework to demand that the developer and local fire marshals enforce strict clean energy safety mandates, which dictate:

* Pre-construction Consultations: Forcing the battery developer to coordinate emergency evacuation routes, chemical exposure plans, and disaster response plans directly with local fire authorities at least 30 days before breaking ground.

* Post-construction Inspections: Automatically blocking the BESS facility from powering on or connecting to the grid until local fire departments fully test, verify, and formally sign off on its internal thermal suppression and containment systems.

8. Mandatory Tenant Relocation Rights and Liability Costs

If the CEC overrides local authority and approves this battery facility so close to Schapiro Knolls that it violates federal safety thresholds, or if a catastrophic thermal runaway event occurs, HUD will be forced to step in directly to protect residents. Under

federal fair housing and safety laws, this triggers Mandatory Tenant Relocation Rights.

* HUD would be legally required to issue Emergency Housing Choice Vouchers (Section 8) and deploy emergency relocation funding to permanently move all 300+ vulnerable tenants out of this federally designated zone of danger.

* By forcing the state-level approval of an unsafe project, the CEC is directly creating a crisis that forces the mass displacement of an entire community, uprooting working families, and shifting millions of dollars in emergency relocation liabilities onto public housing authorities.

9. Inescapable Evacuation Infrastructure

Minto Road is a narrow, dead-end, rural two-lane road. In the event of a catastrophic thermal runaway fire or a toxic gas plume (releasing fatal fumes like hydrogen fluoride), the Seahawk facility will physically obstruct the only entrance and exit to our entire neighborhood. A fire at 90 Minto Road completely traps over 300 residents at 33 Minto Road. First responders will be forced to battle a toxic chemical fire on a dead-end road while simultaneously trying to evacuate hundreds of terrified children and seniors. This is an impossible life-safety scenario.

Conclusion and Action Requested:

California's clean energy goals are vital, but they cannot be achieved by violating the constitutional rights and sacrificing the safety, health, and homes of low-income families.

We formally request that the California Energy Commission DENY certification for the Seahawk Energy Storage Project under Docket 26-OPT-02. If the CEC moves forward with a review, we demand an immediate, independent Federal HUD Safety Assessment, an independent evacuation flow study for Minto Road, and a legally binding mandate enforcing a massive physical setback buffer that keeps these industrial battery cells far away from our property lines.

Do not sacrifice the people of Watsonville for regional grid convenience.

Sincerely,
Jessica Ayala