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Mr. Marce Sanchez, Director of Design and Construction
Paramount Group
One Market Plaza
Spear Tower, Suite 345
San Francisco, CA 94105

July 6, 2015

Ref: 75 Howard Street – A Missed Opportunity

Dear Mr. Sanchez,

Thank you for presenting your plans for 75 Howard Street to the San Francisco Housing Action Coalition's (SFHAC) Project Review Committee on June 24th, 2015. After thorough review and discussion, we are pleased to endorse it. We believe the project has merit and aligns with our mission of increasing the supply of well-designed, well-located housing in San Francisco. Please review our letter, which explains how your project meets our guidelines.

We've also expressed our disappointment that you are unable to pursue a taller building that would deliver more community benefits and contribute significantly more affordable housing. Misguided opposition from neighbors to the building's original height and concerns over shadows cast on Rincon Park prevented your team from delivering a much better project for San Francisco. Together with the usual frustrating delays that seem intrinsic to our City's "process" make this project a missed opportunity.

We have attached our report card, which grades your project according to each of our guideline. We have attached a copy of our project review guidelines for your reference.

Project Description: The project proposes to demolish the existing multi-story parking structure and build 120-130 code-compliant, for-sale homes above 100 below-grade parking spaces in stackers with ground-floor retail space.

Land Use: A 550-space parking garage currently occupies the space. Housing is a far better use of this site and will help enliven a neighborhood that would greatly benefit from having more residents.

Density: Our members believe the project would be improved by adding more height. Unfortunately, given the political circumstances confronting this project, exceeding the existing zoned height limit could not be pursued. We note that the proposal is completely code-compliant with existing zoning.

The units, although larger than most new homes in San Francisco, are of reasonable square footage. These include one-, two- and three-bedroom homes.

Affordability: The project will pay an \$8.9 million dollar *in-lieu* fee to the Mayor's Office of Housing, which will be used to finance other affordable housing in the City.

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The SFHAC believes the earlier plan to build a taller building would have resulted in a better project. The added height would have resulted in an *in-lieu* fee payment of \$17.5 million dollars – an unusually large amount. We understand this would have helped finance the Tenderloin Neighborhood Development Corporation's (TNDC's) 100-percent-affordable project at Taylor and Eddy Streets. Unfortunately, local opposition to the added height has deterred this desirable outcome. Again, it is truly a missed opportunity.

We are pleased to learn that you are still working with the Mayor's Office of Housing (MOH) to explore ways to support TNDC's project.

Parking and Alternative Transportation: The site is located in a transit-rich location, within walking distance to the Embarcadero BART Station, Muni stops and the future Transbay Transit Center. It's also in a flat, pedestrian-friendly neighborhood near countless neighborhood amenities. Our members support your decision to provide a bike-parking ratio of greater than one space per unit, estimated to be about 150 spaces. We also support your decision to move more of the bike parking from the garage to the ground floor where it's more accessible.

We understand that the removal of the enormous existing parking structure will result in a net loss of about 400 parking spaces. However, we urge you to include less car parking in the building. Your current proposal of 100 spaces equates to 0.75 spaces per unit, which requires a Condition Use (CU) permit. Except in rare circumstances, we do not support CUs for increased parking and would much prefer that the project reduce parking to the as-of-right ratio of 0.5 spaces per home.

We also encourage you to provide more spaces dedicated to car share to reduce the need for private automobile parking.

Preservation: There are no structures of significantly cultural or historic merit on or near the site that would be affected by the proposed project.

Urban Design: We applaud what you've done within the existing zoning to create a well-designed building. But our members wish the project were taller. The building is almost exactly the same height as many of the surrounding ones, resulting in too much uniformity, or as some members said, "it blends into the skyline too well." However, we accept that the lack of height is due to circumstances beyond your control.

Your proposal will result in noticeable improvements to the ground floor. This includes sidewalk widening and the addition of two retail spaces, one at the prominent corner of Howard and Steuart Streets and the other on Steuart Street. Open space will be provided in the form of balconies and rooftop space on the second floor.

Environmental Features: Our members believe you have exceeded the existing requirements to create an energy- and water-efficient project. You are targeting LEED Platinum and plan to achieve 40 percent below the ASHRAE baseline. Our members are glad to see the plans to incorporate both grey and/or black water recycling systems as well as individual water metering

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into the units. These are logical additions given the critical importance of managing our precious water resources.

Community Input: Your team has engaged with the public for a few years. As a result, the project has gone through several revisions, including height reduction and bulk adjustment. We hear that the main concern from local opposition is the shadow your building would cast on Rincon Park. Our members believe that not only is the shadow impact from your building minimal, this park is outside the Department Recreation and Parks' jurisdiction and is not governed by its regulations.

Thank you for presenting your plans for 75 Howard Street to our Project Review Committee. We are pleased to endorse it. However, our members emphatically believe a taller project could have made a very-badly-needed contribution to affordable housing and the surrounding community. We are saddened by this missed opportunity.

We strongly support your efforts to build this project. Please keep us abreast of any changes and let us know how we may be of assistance.

Sincerely,

A handwritten signature in blue ink, appearing to read "Tim Colen", written on a light blue background.

Tim Colen
Executive Director

SFHAC Project Review Guidelines

Land Use: Housing should be an appropriate use of the site given the context of the adjacent properties and the surrounding neighborhood and should enhance neighborhood livability.

Density: The project should take full advantage of the maximum unit density and/or building envelope, allowable under the zoning rules.

Affordability: The need for affordable housing, including middle income (120-150 of Area Median Income) housing, is a critical problem and SFHAC gives special support to projects that propose creative ways to expand or improve unit affordability beyond the legally mandated requirements.

Parking and Alternative Transportation: SFHAC expects the projects it endorses to include creative strategies to reduce the need for parking, such as ample bicycle storage, provision of space for car-share vehicles on-site or nearby, un-bundling parking cost from residential unit cost, and measures to incentivize transit use. Proximity to transit should result in less need for parking.

In districts with an as-of-right maximum and discretionary approval up to an absolute maximum, SFHAC will support parking exceeding the as-of-right maximum only to the extent the Code criteria for doing so are clearly met. In districts where the minimum parking requirement is one parking space per residential unit (1:1), the SFHAC will not, except in extraordinary circumstances, support a project with parking in excess of that amount.

Preservation: If there are structures of significant historic or cultural merit on the site, their retention and/or incorporation into the project consistent with historic preservation standards is encouraged. If such structures are to be demolished, there should be compelling reasons for doing so.

Urban Design: The project should promote principles of good urban design: Where appropriate, contextual design that is compatible with the adjacent streetscape and existing neighborhood character while at the same time utilizing allowable unit density: pleasant and functional private and/or common open space; pedestrian, bicycle and transit friendly site planning; and design treatments that protect and enhance the pedestrian realm, with curb cuts minimized and active ground floor uses provided.

Projects with a substantial number of multiple bedroom units should consider including features that will make the project friendly to families with children.

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Environmental Features: SFHAC is particularly supportive of projects that employ substantial and/or innovative measures that will enhance their sustainability and reduce their carbon footprint.

Community Input: Projects for which the developer has made a good faith effort to communicate to the community and to address legitimate neighborhood concerns, without sacrificing SFHAC's objectives, will receive more SFHAC support.