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October 27, 2015

Mr. Steve Kuklin
Group I
100 Bush Street, Suite 1650
San Francisco, CA 94104

Ref: 950-974 Market Street – Mixed-Use Development

Dear Mr. Kuklin,

Thank you for bringing your proposed project at 950-974 Market Street to the San Francisco Housing Action Coalition (SFHAC) Project Review Committee on July 9, 2014 and July 22, 2015. Upon review and discussion, we believe your project has many merits and will contribute to the SFHAC's mission of increasing the supply of well-designed, well-located housing at all levels of affordability in San Francisco. Please review our letter, which explains how your project meets our guidelines and areas where improvements are suggested. We have attached a copy of our guidelines to the end of this letter for your reference. Also see our report card, which grades your project according to each guideline.

Project Description: Your project proposes the demolition of several underutilized commercial and vacant retail spaces and the construction of a large, mixed-use development that includes 262 homes, hotel and retail space, and a Community Hub dedicated for a kitchen incubator program. Parking would be provided underground.

Land Use: Your proposed development will transform this neighborhood in a highly beneficial way. It would not only enliven the neighborhood, but also connect the lively downtown district with the evolving Mid-Market area. The SFHAC commends you for pursuing this ambitious project, which would provide a significant amount of badly needed housing in a transit-rich location. It's unfortunate that your earlier plan to provide an art-oriented project, which our members really liked, did not come to fruition. However, we commend you for pursuing this alternative that dedicates a portion of ground floor space for a kitchen incubator program.

Density: The proposal calls for 262 new condos, 12 units short of the allowed density. The units are relatively small, averaging about 600 square feet. Although our members supported the original plan to create a Special Use District (SUD) that would have provided significantly more homes, we understand the circumstances that prevent this from being realized and encourage you to move forward with your revised scheme.

Affordability: The SFHAC commends your decision to provide the below-market-rate (BMR) units on-site. This equates to 31 homes, or 12 percent of the total units. The units are also relatively small, which will make them affordable to a wider range of incomes.

We encourage you to explore ways to improve the project's affordability. Two possibilities might include using the "Inclusionary Dial" to provide more BMRs at a greater range of affordability or using the local density bonus ordinance, known as the Affordable Housing Bonus Program.

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Legislation for both policies should be introduced by the end of the year.

Parking and Alternative Transportation: The project is located in a transit-rich area. The Powell Street BART and Muni Station, several Muni bus lines and the excellent Market Street bicycle corridor are all adjacent to the site. Residents would also be within walking distance of numerous job centers and neighborhood amenities.

The project would provide 96 car parking spaces, 85 of which are designated for the residential units, equating to a ratio of about 0.3 spaces for home. We believe this low ratio is appropriate, but would support even fewer spaces, considering all of the other available transit options. The project also includes two car share spaces. We thank you for responding to our feedback and are pleased that the project will now include one bike parking space per unit. We consistently hear from our developer members that they frequently underestimate their need for bike parking and overestimate their need for car parking.

You mentioned that you will undertake a Transportation Demand Management (TDM) program analysis and have moved the primary drop-off zone to Turk Street.

Preservation: There are no structures of significant historic merit on the site. However, your project is at the location of “The Old Crow” bar, the longest operating gay bar in San Francisco from 1934 to 1980. We support your proposal to memorialize this culturally historic use by displaying a plaque in the public lobby. Your team engaged Page & Turnbull to prepare a formal Historic Resource Evaluation as part of the environmental review process. The SFHAC supports this effort.

Urban Design: Our members agreed that this project is “exciting” from an urban design standpoint. It would create a new destination for residents with the addition of ground floor retail and the incorporation of a pocket park, a plaza along Turk Street, and an alley running between Crazy Horse and your building. These plans will significantly improve the pedestrian experience and better connect Market Street to the Tenderloin.

We commend your efforts to program a portion of the ground floor space for a kitchen incubator program whose goal is to hire from the Tenderloin.

Open space will also be provided on the roof deck. Numerous streetscape improvements are proposed that would enhance the pedestrian experience.

Environmental Features: You stated that you are targeting LEED Silver for the residential portion of the building and would install a grey-water recycling system. You mentioned exploring ways to improve the ecology on Market Street by providing opportunities for urban food production and composting. Finally, your team is considering using the available NRG steam service for the buildings’ hot water and mechanical heating systems. These are all excellent measures to green the project and conserve water. However, we still encourage you to exceed LEED Silver for the residential portion of the development.

Community Input: You’ve accomplished a significant amount of community outreach for this project, having engaged with numerous community groups, local residents and Supervisor Jane

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Kim. You also created a plan for the ground floor that could employ nearby residents and committed to union labor that will employ local workers, offer prevailing wages and create an apprenticeship program.

Thank you for presenting your plans for 950-974 Market Street to our Project Review Committee. We are pleased to endorse this excellent 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", is placed on a light blue rectangular 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.