



Mr. Patrick Szeto
DIVCO Group, LLC
1489 Webster Street, #218
San Francisco, CA 94115

January 11, 2015

Ref: 1740 Market Street - Mixed-Use Development

Dear Mr. Szeto,

Thank you for presenting your plans for 1740 Market Street to our Project Review Committee on November 18, 2015. After thorough review and discussion, we are pleased to endorse the project. We believe it has merit and aligns with our mission of increasing the supply of well-designed, well-located at all levels of affordability in San Francisco. Please review our letter, which explains how your project meets our guidelines. Also see our report card, which grades your project according to each guideline. We have attached a copy of our Project Review Guidelines for your reference.

Project Description: You propose to demolish the existing commercial building and the construct 100 new rental homes with ground-floor retail and no car parking.

Land Use: The site is currently occupied by commercial space, some of which is vacant. Dense housing is an excellent use of this location considering its proximity to jobs, neighborhood amenities and multiple transit lines as well as its low-intensity current use.

Density: The project is very dense, which we applaud. Still, the design provides a variety of unit types, ranging from studios to three-bedroom homes. These generally consist of small rooms with ample common open space.

Affordability: The design proposes including the below-market-rate (BMR) units on-site, 12 percent of the total units. We commend you for exploring the inclusionary “dial” concept with the Planning Department in order to offer more BMRs to a wider range of incomes.

Parking and Alternative Transportation: The project is within walking distance of the Civic Center and 16th Street BART station, as well as several Muni rail stations and bus lines. The project would be car free and include 160 bicycle parking spaces, a ratio of over one space per bedroom. This is an excellent plan that will encourage alternative, more environmentally friendly modes of transportation for the residents.

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

Urban Design: We’d like to commend your team for overcoming the challenges of this space-constrained site. The ground floor would include about 10,000 square feet of retail, most of

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which would have a glass frontage, encouraging street activation. Open space would be provided primarily through the roof deck, as well as on a second floor podium.

Environmental Features: Your plans are intended to exceed LEED Silver and are examining aggressive water conservation efforts for the rooftop. However, these plans were in early stages at the time of your presentation. We encourage you to continue exploring features that will help green the building, especially water conservation.

Community Input: You have met with the Hayes Valley Neighborhood Association (HVNA) a couple of times, as well as the adjacent property owners and some City supervisors. We encourage you to engage with our trade union members, several of who have offices close to this property.

Thank you for presenting your plans for 1740 Market Street to our Project Review Committee. We are pleased to endorse it. Please keep us abreast of any changes and let us know how we may be of assistance.

Sincerely,



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.