ENTERPRISE HOUSING
FOR SAN FRANCISCO
THE FUTURE OF HOME-BASED FAMILY BUSINESSES

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and
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FOREWARD: THE CHALLENGE WE FACE AS A CITY

John King

San Francisco, to its detriment, too often is a city where absolutism reigns. People want things to be a certain way, their finely detailed utopian way, and they work overtime with ingenuity and stubbornness to make it happen—or to block the competing utopia of another interest group.

If the above paragraph seems fuzzy, then think of a concrete example: the endlessly acrimonious debate over housing. Instead of all the interest groups and political sects working together to find ways to create as much good housing across the spectrum as possible, each one is determined to impose its vision on the city. One extreme measures success by the quantity of units produced—whether or not they fill the need of anyone besides empty nesters dreaming of pieds-à-terre—while the other opposes any proposal by private developers that doesn’t match their ideal of Life as it Ought to Be (why should anybody own a car, for instance?).

ONE SIDE WANTS EVERY BLOCK MAXED OUT TO ITS HIGHEST USE.
THE OTHER WANTS NOTHING AT ALL, UNLESS IT IS SOCIALLY PURE
AND POLITICALLY IRREPROACHABLE.

What gets lost in all the posturing are the facts of (local) life. San Francisco is a marvelously elastic city where only the landscape stays the same. Culturally, socially, economically, everything else is in unpredictable flux. This is a place that draws people eager to live life on their own terms, to bend rules and risk failure as they put down their stake. This is true of immigrant families and trust-fund radicals, affluent techies commuting to Silicon Valley and college grads who happily split rent four ways for a flat in a neighborhood that would make their parents blanch.

THE CITY’S HOUSING SHOULD BE AS FLEXIBLE AND OPEN AS ITS CULTURE. BUT AS WE ALL KNOW, IT ISN’T. The odd saga of live-work lofts is a perfect example: they were encouraged in the 1980s as an
alternative for artists and craftspeople, especially in industrial areas where standard housing made no sense. Then the housing market went crazy even by San Francisco standards—and developers turned the idealistic creed into a gaping loophole, shoehorning loft buildings wherever they could, often forcing out blue-collar businesses as a result. Now, live-work lofts are banned (officially there’s a moratorium dating back to 2001).

Which brings us in a roundabout way to this book about Enterprise Housing. It makes the case for housing policies rooted in the needs of the people who San Francisco needs the most: working families of modest means. There might be two or three generations under one roof; there might be two or three adults trying to earn money through home-based businesses. Children pass through at all hours.

The beauty of genuine live-work units is that they could allow families and neighborhoods to evolve. Done right, they could serve almost as the urban equivalent of a village where people watch out for each other, where communal space is plentiful and where success is gauged by what you create, not what you accumulate. A small-scale but telling example is contained here in the scheme sketched out for a typical lot in the Bayview District’s Third Street corridor. What at first glance looks like a townhouse in fact is something more complex and inviting: the old-fashioned idea of living above the shop was reimagined in such a way that could be arranged as commercial space that flows upstairs, with apartments that could be leased out for income or pulled together to house large families—and with a little flex space left over for who knows what.

Conventional developers would never come up with such an approach, because it doesn’t fit their standard approach. Nor would housing activists who focus on the needs of particular segments of the population. But it’s a fascinating model of housing that is waiting to be built—and that if it existed would probably help retain families who might otherwise leave San Francisco.

There are other ideas about Enterprise Housing in this book, and other visions of what can be done to create attractive inclusive housing if there’s a genuine will to make it happen. Keep reading.
ENTERPRISE HOUSING

WORKING AT HOME IS A FACT OF LIFE
MORE AND MORE AMERICANS ARE WORKING AT HOME, AND SAN FRANCISCO IS LEADING THE WAY.

In 2004, the home was the primary or full-time work place for nearly 30,000 San Franciscans or 8% of the city’s workforce, many of whom are self-employed individuals operating their own businesses.¹ This figure is double the national average and growing faster locally than it is nationally.²

The national increase in home-based work is particularly noteworthy since it reverses the decline seen in the mid-20th century when people migrated from farm-based work to urban employment, and home-based professionals joined group practices and corporations.³

Some of the obvious factors behind this national increase are corporate downsizing and commuting challenges. The changing composition of U.S. households and the economic pressures on low-income families to make ends meet certainly contribute. As do new technologies that support geographically dispersed businesses and make working from home feasible and attractive.
IN SAN FRANCISCO, HOWEVER, AN ADDITIONAL FACTOR SEEMS TO BE AT WORK. San Francisco is well-recognized as a haven for entrepreneurs, defined here as the self-employed. New ideas and new enterprises thrive in the intellectual and cultural richness found locally, and we believe there is a clear link between San Francisco’s entrepreneurial climate and its high level of home-based work and business.

Support for this interpretation comes from the Census Bureau’s 2004 American Community Survey which shows that self-employed individuals (incorporated and unincorporated) make up about 15% of the civilian work force in San Francisco, compared to about 9% nationally. The parallel seen in Figures 1 and 2 between the high local rates of self-employment and home-based activity is striking, but perhaps not surprising, since about half of self-employed persons are believed to work at home.4
FOR MANY OF THE SELF-EMPLOYED, BEING ABLE TO OPERATE FROM HOME IS A KEY TO SUCCESS. ECONOMIST HENRY BEALE, AUTHOR OF A 2004 REPORT ON HOME-BASED BUSINESS FOR THE SMALL BUSINESS ADMINISTRATION, DESCRIBES THE CENTRAL ROLE PLAYED BY THE HOME IN SUPPORTING ENTREPRENEURIAL VENTURES:

“Home-based businesses, which make up roughly half of all U.S. businesses, are of particular interest because of their potential as a wellspring of economic activity. Homes are, in effect, do-it-yourself business incubators, which collectively provide start-ups with an entry point into the business world.

At least in some industries, the home is a natural place to start up a new business. The home is particularly conducive to a small-scale business “on the side”—whether one’s principal occupation is out-of-the-home employment or in-the-home parenting. Small home-based businesses are also a fertile environment for trying out new ideas—software development and mail-order retail being two examples. At the other end of the spectrum are
“entrepreneurial” home-based businesses. Phillips⁵ has characterized these businesses as providing the principal income for the owner, having employees, and having relatively high sales. These home-based businesses are poised—if the owner so desires—to grow and continue growing so that they eventually move out of the home.”⁶

Nationally the move toward self-employment and home-based work has led city planning professionals and interested citizens to ponder how best to support and encourage working at home. Many are realizing that housing designed to accommodate living and working in the same space—Enterprise Housing—will increase the efficiency and comfort of home-based workers, therefore increasing the feasibility of working at home.

We are excited to spread the word about Enterprise Housing. We believe that it is an idea whose time has come. With this publication, we hope to increase the understanding of what it is and how it can improve San Francisco and its neighborhoods.

In a later section you will find four examples of Enterprise Housing, designs developed for selected San Francisco neighborhoods at an open charrette held at the San Francisco AIA in 2004. As you peruse these designs and the preceding material on this topic, we believe you will come to appreciate the potential of Enterprise Housing for the individuals, families, and neighborhoods of San Francisco as fully as we do.
ENTERPRISE HOUSING

AN OVERVIEW
ENTERPRISE HOUSING REFERS TO: The use of a residence to generate income from a home-based business or through work done for another.

We prefer this term to the alternatives of live-work, work-live, mixed-use housing, or hybrid housing, because it emphasizes the first use—supporting businesses operated from home. Consistent with this emphasis, the discussion throughout is framed in terms of home-based entrepreneurs and their businesses, although it frequently applies to all home-based workers.

Conceptually, Enterprise Housing ranges from the most informal live-work situation, such as the conversion of a bedroom corner into a temporary office, to the most formalized and highly structured program, such as the large-scale, planned live-work community under long-term development in East Clayton near Vancouver, Canada.¹
LOCAL EXAMPLES

The Bay Area hosts many instances of multi-unit/multi-family Enterprise Housing. Some of the more well known are: Project Artaud, an artists’ live-work community established in the Mission District in 1971; ClockTower Lofts, a residential-office complex on Rincon Hill renovated in 1992; Jingletown Homes, a complex of live-work units built in Oakland in 1996; and Adeline Lofts, an affordable housing project and business incubator in Berkeley completed in 2002.

Single-unit Enterprise Housing includes offices, studios, workshops, and retail spaces located in or attached to a home, as found in San Francisco’s Langton Street community, an enclave of mostly single-unit Enterprise Housing residences in SOMA that has existed largely unnoticed for decades, evolving slowly over time.
STREET
Many have contributed to the understanding of what Enterprise Housing is and can be. Among them is Sherry Ahrentzen, of the Department of Architecture at the University of Wisconsin-Milwaukee and the Stardust Center for Affordable Housing and the Family at Arizona State University. Her work provides a good starting point for those seeking an overview of this topic. Based on a comprehensive sample of 100 HYBRID HOUSES or mixed-use structures drawn from across the nation, she documents sixteen distinct forms of single-unit workspaces (e.g., “office den” and “house-over-shop”) and two general forms for multiple workers (e.g., “office atelier”). Her associated studies of home-based workers identify housing design features that support working at home and counteract the complications work introduces into home life.
9. **Office Den**
   An indistinguishable room, slightly larger than a bedroom; integral part of plan

10. **Office Treehouse**
    Solo room on upper story, usually with smaller massing; partly or fully enclosed

11. **Saddlebag**
    Separate work and living areas, side by side and each with individual outside entrance

12. **Separate Structure**
    Physically distinct structure on same lot

13. **Shotgun**
    Aligned rooms with workspace entered through another room, or in reverse arrangement

14. **Stacked “House Over Shop”**
    Workspace with public street entry on ground floor and residence on upper level(s)

15. **Workspace Corridor**
    Smaller than standard room; also acts as a corridor to connect other spaces

16. **Workspace Showcase**
    Larger in size and volume than other rooms; may cover entire width of home, but not entire floor

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**MULTIPLE WORKSPACE TYPES**

1. **Dual Workspaces**
   Can have many forms; supports two businesses in separate major workspaces

2. **Office Atelier**
   Can have many forms; includes a major workspace that supports several employees
Thomas Dolan, an architect in Oakland, California, and proponent of new urbanism, has introduced a new vocabulary into Enterprise Housing design that accommodates both the balance of living and working activities needed in a given situation and the physical separation required between personal and work spaces. Through his writing and work, Dolan defines a range of Enterprise Housing types from which designers can identify an appropriate prototype structure. Recognizing that the living and working activities of individuals evolve over time, Dolan presents the Flexhouse™ configuration, a housing structure that “learns” or can be readily modified to accommodate changes in the lives of the occupants and their work.

Penny Gurstein, author of Wired to the World, Chained to the Home, adds another dimension to the understanding of Enterprise Housing through her studies of the role that electronic communication plays in the lives of many home-based workers. Her work supplies a context for understanding the social and economic impact of the electronic work environment on homeworkers and society. She identifies a typology of live-work housing that reflects home-workers’ experiences and preferences regarding the spatial penetration of work into the home sphere. Gurstein also highlights the factors that challenge designers of Enterprise Housing, noting that successful designs must take into account the unique characteristics of the work being performed and the socioeconomic circumstances of the household.
## GURSTEIN: CONSIDERATIONS IN DESIGNING ENTERPRISE HOUSING

- Household situation: type and income
- Gender and stage in life cycle
- Work style and scale
- Telecommunications/transportation trade-off
- Number and frequency of work-related callers
- Amount and characteristics of equipment
- Housing type and environmental context

### GURSTEIN: LIVE-WORK TYPOLOGY

<table>
<thead>
<tr>
<th>Type</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Work Dominated</strong></td>
<td>Work dominates domestic life, leaving little space for non-work activities. For single individuals or couples without children.</td>
</tr>
<tr>
<td><strong>Live-Work Blended</strong></td>
<td>Domestic space is blended with work with varying degrees of separation, but no buffer. Favored by homeworkers wanting close proximity to children.</td>
</tr>
<tr>
<td><strong>Live-Work Separated</strong></td>
<td>Domestic and working spaces are physically separated with different entrances, but in same structure or on same lot. Used by homeworkers who have visiting clients and need separation from children and domestic activities.</td>
</tr>
<tr>
<td><strong>Work Shared</strong></td>
<td>Workspace is physically separated and shared by a group of homes. A common work center is available to residents, and possibly members of the larger community.</td>
</tr>
</tbody>
</table>
As the work of Ahrentzen, Dolan, Gurstein and others confirms, Enterprise Housing must respond to the realities that homeworkers face. Employment has shifted from manufacturing to a service and knowledge-based economy, with communications technology used to support work done at home.

The changing composition of U.S. households is another reality with implications for housing design. The number of individuals who live alone or with just one other person is growing; moreover, the meaning of FAMILY itself is changing. Florence W. Kaslow, family therapist and family business consultant, reminds us that the term is no longer limited to the nuclear two-generation family united by marriage and with their own biological children. Family now includes any of the following:

- Extended three- and four-generation families, foster families, adoptive families that may be biracial or multicultural, commuter couples, single-parent families headed primarily by the mother or by the father, gay or lesbian couples with or without children, remarried/step families, and several people living together without legal ties, but with strong mutual commitments.  

Other new realities include widening disparities in income and assets, an increasing immigrant and informal work force, and a growing multi-cultural society. A wide variety of Enterprise Housing solutions is needed to support an equally wide range of home-based enterprises, socioeconomic situations, and residential needs.

In the 1980s, Enterprise Housing designs began to address these needs. Several examples are found in New Households, New Housing, edited by Karen Franck and Sherry Ahrentzen. Among them is the award-winning design submitted by Troy West and Jacqueline Leavitt to the 1984 Minneapolis College of Art and Design competition, “A New American House.”

The West-Leavitt proposal is for a set of modified townhouses for non-traditional families and adults who work at home. Each townhouse includes a separated one-story, public-entry workspace, a kitchen-corridor linking it to a three-story townhouse, a courtyard garden, and a common area at the rear for parking, family entry and community uses.
The elegance and ingenuity of West and Leavitt’s 1984 design for Enterprise Housing, selected from among 346 entries in a national competition, were not sufficient to overcome the obstacles to its being built. As Sam Davis notes in the Architecture of Affordable Housing, all the usual actors—site availability, finances, and politics—conspired to defeat the project, even after several revisions. Reflecting on her experience with the process, Leavitt wryly concluded that introducing innovative ideas into housing development is not “for the faint of heart or for those who desire immediate gratification.”

Two decades later, there is growing evidence that Enterprise Housing is gaining the recognition it deserves. Surveys of recent trade and professional publications reveal that architects, designers, developers, academicians, and city officials are devoting resources to exploring and exploiting the benefits brought by housing built for homeworkers.

In the built environment, 18.3 million U.S. households had at least one room used exclusively or partly for business in 2002. Further, adding a home office was the number one trend in new construction as reported by architects in a national survey taken at the end of 2005. These are encouraging signs, but progress is uneven. The increase in planned home offices clearly benefits white-collar and professional homeworkers, and those able to afford new homes, but it offers less to workers engaged in retail, crafts, or blue-collar activities, many of whom could also gain from home-based enterprises.

In the next section, we will consider the many ways that working at home benefits individuals, their families and their communities.
3 ENTERPRISE HOUSING

THE BENEFITS OF WORKING AT HOME
IT SOUNDS LIKE A CITY PLANNER’S DREAM:
A set of entrepreneurs whose businesses preserve neighborhood character, make streets safer, decrease the number of cars on the road, and—

Offer UNIQUE GOODS and services in underserved neighborhoods
Provide ECONOMIC OPPORTUNITIES to lower-income households
Increase families’ ABILITY TO CARE for their younger and older members

There is evidence that home-based firms can do all this, and increase the city’s tax base, too. By making working from home feasible and attractive, Enterprise Housing yields benefits in three arenas:

1. QUALITY of life benefits for individuals and families
2. ECONOMIC benefits to the firm and the family
3. DEVELOPMENT of neighborhoods and communities
QUALITY OF LIFE BENEFITS

A frequently heard rationale for working at home is to enjoy “an improved quality of life” or “a better lifestyle.” Some of the quality of life benefits that home-based business owners perceive are enjoyed by all self-employed individuals, home-based or not. Foremost among these benefits, perhaps, is a degree of autonomy and control not possible when working for someone else. Working for oneself results in increased motivation, stimulates feelings of personal growth and self-fulfillment, and leads to the development of new skills and expertise.

Beyond the benefits of self-employment per se, families and individuals currently operating home-based businesses recite quality of life advantages which are closely linked to working at home, such as flexibility of scheduling, time saved not commuting, greater daily contact with family members, and working together in the business.

Flexibility of scheduling is significantly enhanced when one is able to control one’s own time. With control over one’s time, child care, elder care, medical appointments, participation in school activities, and other personal and family activities are all easier to schedule.

Time saved not commuting is another important contributor to quality of life, if it translates into more time for family and personal pursuits. The savings can be particularly meaningful in San Francisco which had the third-highest commute time in the nation in 2000, an average of nearly 30 minutes each way.1

Working at home usually means greater daily contact with other family members and in some cases it also means being able to work together with them in the business, a cherished activity for many families. It should not come as a surprise, then, that couples who work together (called “copreneurs” by family business consultant Dennis Jaffe in his book Working with the Ones You Love) are the fastest growing form of family business today.2
**BENEFITS**

Autonomy and control are highest when working for yourself

1. Maintaining self-discipline and avoiding social/professional isolation

Motivation and personal growth

2. Overwork and burnout

Development of business skills and expertise

3. Lack of critical business skills at start-up

Flexibility of scheduling is greatly enhanced

4. Some home businesses require fixed work schedules

Time saved not commuting

5. Loss of the work/live transition during commute

Greater daily contact with family members

6. Proximity can increase work/live emotional spill-over

Working together with family members in the business

7. Managing dual personal and business relationships

**QUALITY OF LIFE**

1. Maintaining self-discipline and avoiding social/professional isolation

2. Overwork and burnout

3. Lack of critical business skills at start-up

4. Some home businesses require fixed work schedules

5. Loss of the work/live transition during commute

6. Proximity can increase work/live emotional spill-over

7. Managing dual personal and business relationships
The preceding table summarizes both the quality of life benefits that home-based business operators perceive as well as the challenges and caveats to bear in mind when choosing this lifestyle. Anecdotal evidence suggests that home-based business owners recognize these latter factors, but nevertheless feel that the quality of life benefits they gain more than justify the risks and trade-offs involved.

For example, the value that home-based business operators place on quality of life is evident from this editorial in *Home Business Line*:

> “Home-based business people have a magical mystique.... We’re people who work when we want to. In the privacy and comfort of our homes. Have more time with our families. Run our businesses without anyone telling us what to do. It sounds like a dream. And to a great degree, it’s true.

Yes, we make our own hours. Or at least we intend to. We often end up working late into the night, on weekends, and on holidays. Yes, we have more time with our families who want our time and attention while we are working. Yes, we can wear whatever we want in the privacy and comfort of our homes. But we also have to answer our own phones, deal with door-to-door salespeople, and clients who call us outside of business hours.”

Home business expert Joanne Pratt describes trade-offs involving quality of life that are made by homeworkers for whom size of income is not the major consideration. She believes that quality of life considerations are more important than economic considerations for many of the self-employed, whose attitudes are changing from “live to work” to “work to live.”

In her opinion, some home-based business owners limit their business operations to the level needed to achieve a target income. Furthermore, they resist growing the business beyond a certain size so as to avoid having to move it out of the home. She interprets these decisions as being rooted in desires to balance family life with work, to avoid the complications of managing employees and a larger firm, or to use the business as a transition to retirement.

Similarly, low-income home business owners, for whom supplementing income through a home-based enterprise is essential to making ends meet, are willing to make significant trade-offs to preserve their desired quality of life.

The authors of *Kitchen Capitalism*, a study of low-income home business operators, reach this conclusion:

> “Microenterprise offers an opportunity for them to develop skills and knowledge, to make decisions, and have control over work conditions, to build their household assets, to care for loved ones, and to fulfill personal goals. In many cases, entrepreneurs perceive that these benefits overcome limited income (and sometimes losses) and long hours and stress associated with business operation.”
To determine the economic benefits a home-based location confers on a business, Joanne Pratt examined tax returns from 2002 for sole proprietorships, as reported in her 2006 study, *The Impact of Location on Net Income: A Comparison of Home-based and Non-homebased Sole Proprietors*. Consistent with the conventional wisdom, she found that home-based sole proprietorships are much smaller on average than non-home-based sole proprietorships—they generate only 35% of the sales revenue ($63,000 vs. $178,000) and they produce less net income ($23,000 vs $38,000).

Surprisingly, however, home-based firms have a major advantage. They are far more efficient, earning nearly 36% on gross sales vs. 21% for non-homebased firms. Seen from the vantage point of resources expended, **HOME-BASED FIRMS RETURN TWICE AS MUCH INCOME FOR THE SAME INVESTMENT.**

Tax returns reveal that significantly lower labor costs account for a large part of the higher efficiency of the home-based sole proprietorships. Labor costs for home-based firms on average are only half of those for non-homebased firms, and in fact, many home-based firms report little or no paid help, although unpaid family labor may be a hidden subsidy in some cases.

Not paying rent for a separate workspace is another significant advantage of working from home. Compared to non-homebased firms, home-based firms benefit from a savings in imputed rent on the order of 11% of sales, when additional space outside the home is not required by the business. Moreover, the deduction for business use of the home available to these firms is an added bonus—a way to recoup a portion of mortgage or rent payments and allowable utilities that might otherwise be subsumed under the family’s housing budget.

A second source of economic benefits associated with working at home comes from cost savings to the family for transportation and care. San Francisco households are estimated to have spent an average of $9,200 a year on transportation in 2001 and 2002. To the extent that working at home lessens the need for transportation, the savings for home-working families on transit,
vehicle maintenance, parking, gasoline, and related costs can be in the thousands of dollars.

Families that are able to care for children while operating a home-based business enjoy the dual benefits of reduced child care costs and increased time spent with their children while they grow up. At an estimated monthly cost of $915 in 2006 for quality child care in the San Francisco area, families who provide their own child care can potentially save as much as $11,000 a year.\(^8\)

Working at home can sometimes make it easier to provide care for an elderly person or disabled adult, which reduces the need for paid assistance. In 2003, 1 in 5 U.S. households provided care to relatives and friends, 70% of whom lived in the home or nearby.\(^9\) It is expected that 1 in 3 households will do so by 2020.\(^10\) It is hard to assess potential savings in this area, but one benchmark is the cost of 4 hours a day of adult home health care in California, which ranges from $19,000 to $24,000 per year, depending on quality.\(^11\)

The accompanying table found on page 28 lists the challenges that come along with the economic benefits enumerated. These challenges should be carefully considered when entering into a home-based business. Nonetheless, the economic advantages of home-based businesses—savings from lower costs of doing business, reduced commuting, and providing family care at home, combined with home-based income—are significant and can offer segments of San Francisco’s population choices they might not otherwise have.

Location is one of these choices. For many residents, affordable housing and cost of living are major concerns. At the end of 2005, San Francisco was one of the three least affordable cities in the nation.\(^12\) Families with young children, in particular, find it hard to rent or own; consequently, from 1990 to 2000, the number of children under age 5 living in San Francisco dropped 15%.\(^13\) African-Americans, another group significantly affected by housing costs, are moving out of San Francisco at alarming rates. Between 1990 and 2000, the number of African-Americans in San Francisco fell 25%.\(^14\) For these and similarly impacted groups, the economic benefits of a home-based business can make the difference in whether or not a family is able to remain in San Francisco…and work at home.

A reduced work schedule is another of these choices. Pratt theorizes that the favorable cost structure of home-based
businesses allows their owners to work part time, yet maintain a desired target income. She notes that owners of home-based businesses do not usually work full weeks or full years, although in some cases that is because the business is a sideline or a supplement to a primary job.

In contrast, those in non-homebased businesses usually work more than 40-hour weeks. This finding, coupled with the lack of paid staff (other than the proprietor) in most home-based businesses, suggests that home business owners have consciously decided to limit scope of effort. The economic benefits of home-based business operation, coupled with cost savings at the family level, make this possible.
**Economic Benefits**

Income and growth potential are unlimited

1. Loss of health insurance and fringe benefits, risk of failure

Lower labor costs

2. Scope of effort is limited to owner’s time

Savings in workspace rental costs

3. Suitability of home workspace

Home office deduction

4. Depreciation and capital gains issues on sale

Reduced commute/transportation costs

5. Varies with nature of the business

Reduced costs of care for family members

6. Family care competes with business for time

**Economic Challenges**

- Loss of health insurance and fringe benefits, risk of failure
- Scope of effort is limited to owner’s time
- Suitability of home workspace
- Depreciation and capital gains issues on sale
- Varies with nature of the business
- Family care competes with business for time
The contributions of home-based businesses to neighborhoods and the larger community is the subject of the two essays that follow.

In the first essay, community development leader Patricia Harris and family business expert Joseph Astrachan examine the nature of microenterprises, their importance to low-income families and communities, and how best to encourage and support them. They describe how even the smallest of home-based firms benefits the local economy through the purchase of goods and services and the employment of other individuals, something that occurs in about 10% of home-based businesses. For families below the poverty level, they offer evidence that income from home-based work can mean the difference between self-sufficiency and continued dependence on welfare and social service systems.

The second essay, by Sherry Ahrentzen, describes how families employ their homes as economic tools, using examples of recent developments to illustrate the importance of housing design in home-based enterprises. She shares her first-hand observations of residents who work where they live, finding that they have a high level of “rootedness” and commitment to their communities; consequently, they are likely to invest significant effort to revitalize and maintain them physically and socially. She champions home-based businesses as one way to bring new goods and services to neighborhoods underserved by traditional businesses. As a result they create foot traffic and patterns of use that mean more people are on the streets more of the time, a condition that has the potential to lower crime and increase safety.
Home-based or “kitchen table” businesses are the hidden economic engines for millions of U.S. families. Generally speaking they are among the smallest of business ventures, technically called micro-enterprises or microbusinesses. Micro-businesses are defined as having fewer than 5 employees and less than $35,000 in start-up capital. They constitute a critical, but commonly overlooked, segment of our economy.

Who are the entrepreneurs behind these kitchen table businesses? Many are low income families that find it impossible to make ends meet by relying solely on income from minimum wage or low-wage dead end jobs, social security, welfare benefits (TANF, or Temporary Assistance for Needy Families), unemployment compensation, or disability payments. They turn to home-based work, work literally done in many cases at the kitchen table or its equivalent, for the income needed to patch together a viable economic life for the family.

In some cases, a home-based business is the response of a former corporate worker to the downsizing, hiring of temporary workers, outsourcing, and offshoring of services that currently characterize our economy. In other cases, obligations of family life such as child care or elder care may make working at home preferable or necessary. For yet other families, generating income from a home-based enterprise is not so much a matter of economic survival as it is a strategy for growth and advancement.

Regardless of the underlying motive, just how important are microbusinesses to the US economy? The Association for Enterprise Opportunities (AEO), an industry trade association, estimated that there were some 21.5 million U.S. microenterprises in 2001. Many, but not all of them, operate from home. In 2002, these firms employed 17% of private (non-farm) workers in urban counties of the United States, and saw their employees grow by 5.5% from 2002 to 2003 in urban counties, while private sector urban employment remained stagnant. From a macro perspective, microenterprise is important as the precursor to small business, the backbone of the U.S. economy. In addition, the growth of microenterprises means increased sales for the local and regional businesses that supply goods and services to microentrepreneurs and their households, boosting employment and sales tax revenues in the process.

At the individual level, microbusiness is significant both for the immediate income it provides, and also because it supports personal economic growth, asset accumulation, home ownership, family continuity, and community leadership.

Adding to these outcomes is the wealth of qualitative returns generated by home-based businesses. These benefits include improved economic literacy, business and financial skills, and increased access to conventional sources of credit, not to mention the strengthening of emotional capital, such as self esteem, pride, a sense of independence and financial security, and the enjoyment of the privileges and rights of being an active participant in the economy.

Over time, home-based microentrepreneurs create...
intangible (and tangible) intergenerational wealth by involving their children and other family members in their business operations, by discussing business at the kitchen table, and by transferring their knowledge and assets to them.

That's the good news. But in reality, as we know all too well, not all microenterprises succeed. Approximately 10 million of the individuals operating microenterprises are business owners who strive in the face of long odds to survive and prosper, but as often as not fail. They are a group largely composed of women, people of color, ethnic minorities, the disabled, and individuals on welfare interested in starting a business. As a rule, business experience is lacking in this group. Moreover, they have insufficient access to capital, a poor credit history, may need a loan smaller than the usual small business loan, or do not meet other lending criteria of traditional financial service providers.\(^3\)

What can be done to encourage and support these deserving and often disadvantaged individuals? One answer comes from the variety of microenterprise development programs operated by non-profit organizations. With goals of economic development, employment, and poverty reduction, these programs offer microentrepreneurs business consultation, training and technical assistance, coaching and mentoring, economic literacy, credit or access to credit, access to markets, and asset development.

Data from the Aspen Institute’s Self-Employment Learning Project (SELP) document the positive outcomes. SELP reports that over a five-year period 72 percent of these low-wealth entrepreneurs increased their income from $13,889 to $22,374, and increased household assets by approximately $13,000, excluding home ownership.\(^4\)

The SELP program also found that a reduction in dependence on public assistance was another direct benefit of microenterprise development. Of the low-wealth entrepreneurs surveyed, 53 percent had moved above the poverty line. As a result, reliance on food stamps, TANF, and other forms of public assistance dropped an average of 61 percent.\(^5\)

Enterprise Housing can be a powerful complement to the current arsenal of microenterprise development strategies. Access to residences designed to support business activities would make home-based work more feasible and affordable for microentrepreneurs. Rent formerly devoted to an outside work place could go toward housing costs or a mortgage. Clearly the opportunity for equity building and home ownership would appeal to many microentrepreneurs.

Newly built Enterprise Housing might take the form of multi-unit clusters of live-work residences that surround or embed a center for delivery of training and development services, in essence a live-work microbusiness incubator at the family level. Or existing individual residences could be targeted for renovation and adaptation as live-work homes as part of a community revitalization program. Or affordable housing programs could simply require that a portion of their units have live-work designs. In all cases, links to development programs would be essential.

These are just a few of the scenarios that come to mind, but they each require a significant dedication of public will and resources to succeed. Communities wishing to retain their low income residents, preserve a socioeconomic balance, stimulate the local economy and offer economic opportunity to their most deserving residents could do worse than commit to Enterprise Housing programs as a component of microenterprise and community development.
The language of community economic development rarely includes residences where people live. Yet Enterprise Housing (or what I have called “hybrid housing”) could be an ingredient of a city’s economic development package, if we considered how residents use their homes as economic tools. And not simply as asset-building commodities through property value appreciation, but how the design, the structure, the materiality of the home itself becomes an economic partner in strengthening a household’s livelihood.

Considering homes as an economic tool for the household is what Enterprise Housing is about—promoting a residential structure that accommodates both residential and business spaces and activities, and where residents occupy and manage both kinds of spaces. Such dwellings have been on our landscape for decades, even centuries.

The historian Tamara Hareven points out that many working-class families have long seen the home not only as private refuge but also as a resource for generating extra income, paying debts, avoiding poverty, and maintaining autonomy in old age. Privacy was important, but so too was flexibility of household space, which could be traded for services or used to supplement income. During the 19th and early 20th centuries, a large proportion of working-class households included boarders and lodgers whose rent helped the family pay the mortgage and fulfill the dream of home ownership.

In Chicago and other northern cities at the turn of century where race and sex discrimination prevailed in factories and other workplaces, many African-American women made ends meet by working at home, others worked for low wages in cottage industries, and some advanced by developing branch factories in their homes, employing other neighborhood women and thus strengthening the economy not just of the household but also the community.

Self-employment and home business remain prevalent in low-income and single-parent households. Home businesses allow for greater schedule flexibility. Self-employment can offer desirable alternatives to dull jobs that test neither talent nor potential, that necessitate grueling or unsafe commutes, and that complicate the difficulties of balancing work and child care. As the setting not only for domesticity but also for income-generating activity, the dwelling thus becomes critical in supporting and accommodating households and business, and in the conflicts or synergies that might result. The design and layout of such homes are especially important when the business is small yet stable, and likely to be a part of the dwelling for years. For many poor people, the home can be a significant means of economic empowerment.

One example of Enterprise Housing for low-income residents is Jingletown Homes in Oakland, California, developed by Oakland Community Housing and designed by Pyatok Associates. It includes fifty-three first-time home buyer units. Some homes have expandable attics; others have the kitchen, living room, and an additional room on the ground floor. This unprogrammed room was designed to
be adaptable—as an extra bedroom, a rented room, or even a home business. It includes a private entry and bath, and is near the kitchen rather than a more private space. The firm has followed this practice of including a potential home business space in the design of many of its subsequent residential developments.²

LionsGate in Redmond, Washington, does not provide affordable accommodations for low-income households—it is targeted to upscale “lifestyle-choice renters,” those who could afford to buy but choose to rent—but this development is a good example of housing that provides for commercial activity. It includes home/office units and corner retail spaces. Modeled after traditional Main Street buildings in which retailers lived above their shops, the buildings’ entrances open directly onto the sidewalks.³

The storefront business units in LionsGate contain about 225 square feet, enough for most one-person offices. Each home/office unit has two entries: a street entrance for clients, a courtyard entrance for residents. For tax purposes, utilities for businesses and residences are metered separately. Tenants have separate business addresses and an office sign near the front door. Business and living areas are separated by stairwells and locked doors. The developer had the option of leasing ground-floor commercial space separately from the upper-floor residences. This proved unnecessary. The development now contains twenty-four businesses. LionsGate leased within six months after opening, and now has a waiting list for its home/office units.

These two examples of Enterprise Housing have been constructed within the last decade, and we can see many more enterprise homes on the landscape if we just look behind the doors of some of a city’s most inventive economic developers—home businesses. The old main streets of many East Coast and Midwestern cities are populated with turn-of-the-20th-century shop-houses (that is, two-story structures with the ground floor housing retail or commercial space, the upper floor housing living quarters, and a connecting staircase between the two for the private use of the resident-owner). A housing type so prevalent at the turn of the century (20th that is) is being re-used today at the turn of the 21st century.

While I write this, I have just returned from touring neighborhood main streets of Milwaukee. I interviewed many of the residents who live and work in these “preserved” enterprise homes, with businesses including restaurant and catering, limo service, seamstress and tailoring, dog grooming, funeral parlor, candy-making, photography, retail, and hair styling. These business owners have purchased or taken leases on these structures, situated their businesses and families there, and begun to economically support their households—and the larger neighborhoods.

What I have found among almost each and every one of the resident-business owners I have interviewed is a profound sense of community attachment. The place where they live is the place where they work, and as such they have a more inclusive investment in the neighborhood. Their way of life—of combining work and home in one place—not only illustrates a means of preserving affordable housing but also enhancing the livelihood and well-being of one’s self, household and neighborhood.
IN APRIL 2004, 35 housing, design, and development professionals, and business students gathered at the offices of the San Francisco AIA for a one-day charrette organized by Asian Neighborhood Design and the University of San Francisco’s Family Business Center. The exercise was designed to explore innovative approaches to live-work housing for emerging family businesses in San Francisco.

Teams were organized around four hypothetical sites in San Francisco (presented in the following pages) chosen to represent distinct contextual issues and unique programs of home-based enterprises. To obtain a diversity of perspectives, each team included at least one architect, a planner or development professional, and a business student. Each team was asked to:

1. **ACCOMMODATE** diverse family types and dwelling patterns
2. **SUPPORT** community life
3. **REFLECT** and extend neighborhood context in the design
4. **DEVISE** strategies to make units relatively affordable
Developing new industrial/residential environments represents an opportunity to extend and strengthen an existing and largely successful San Francisco neighborhood pattern while preserving industrial jobs for local residents. Nevertheless, combining residential uses with industrial uses presents certain challenges. Industrial noise, fumes, and delivery traffic pose nuisances to nearby residents. In turn, resident complaints about nuisances inhibit local businesses from conducting their work. Care must be taken, then, to design living and working spaces that maximize work functionality while minimizing disruption of nearby residential activities.

**NEIGHBORHOOD CONTEXT**

San Francisco has several neighborhoods where the successful integration of light industry and housing is evident. South of Market (SOMA) is one such live-work neighborhood with industrial, commercial, and residential uses closely intermingled. Blocks are large, separated by wide thoroughfares that transport commuters past warehouses, furniture stores, print shops, apartments and lofts. Smaller alleys subdivide these blocks, providing an intimately scaled environment where the residential fabric lies. The resulting “residential enclaves” are a beloved aspect of the neighborhood, but, like the neighborhood as a whole, are not of a single land use type. The narrow alleys include a mix of housing types as well as industrial or warehouse buildings often located at the corners, with smaller design offices, photo studios, or production firms within the depth of the block. Langton Street, shown on pages 10-11 typifies this pattern.
SITE

The site is a 30,000 square foot lot at the corner of Folsom and Rausch Streets occupied by a 13,000 square foot single-story lighting design showroom and warehouse with parking to the rear. Folsom is a wide one-way thoroughfare with industrial, residential, and commercial uses. Rausch is a one-block alley typical of SOMA residential enclaves in its scale and primarily residential character. The site lies in a mixed-use district where housing and live-work units over ground floor commercial/service/light industrial activity are encouraged.

DESIGN PROGRAM BRIEF

The SOMA team was asked to accommodate residential and light industrial uses on a single parcel. Issues to be addressed were:

1. **DELINEATING** appropriate uses for workspaces and integrating them with living areas
2. **SATISFYING** infrastructural requirements for light industrial uses
3. **ACCOMMODATING** diverse family and business needs in the design, while respecting neighborhood context

TEAM RESPONSE

**DIVERSITY:** The scheme includes a diversity of uses: light industrial spaces along Rausch, commercial spaces along Folsom, a podium level with spaces used for working or living, family-sized residential units, and supportive uses such as childcare and a shared conference/community room. The careful placement of uses and the organization of access and circulation are critical to ensuring compatibility and minimizing conflicts among these diverse uses.

**FLEXIBILITY/ADAPTABILITY:** Loft-like spaces are located above commercial activities along Folsom. Mechanical systems concentrated in the dividing walls between lofts allow for maximum flexibility of layout and the ability to convert them from living space to office space and back again; furthermore, other convertible flex spaces employed at the courtyard level can be used as living spaces or as workspaces. By placing flexible spaces at the podium level, the design extends the gradation of public to private to include a middle ground: a courtyard level for use by residents, but also accessible for work-related activities such as deliveries and client interaction.
Additional uses at courtyard level include childcare and office support (e.g., conference rooms).

Flats and apartments for families are located above courtyard level.

Flex spaces used for light industrial activities or residential purposes help activate the courtyard.

Light industrial spaces with a 20’ floor-to-floor height and roll up doors are located at street level along Rausch.

Office/housing units are placed above commercial space on Folsom. Mechanical equipment is concentrated in party walls to allow maximum reconfiguration of interior spaces. These flexible spaces can be converted from residences to offices and back.
Commercial storefronts are located at street level along Folsom. The generous height of street level spaces allows the headroom and mechanical ventilation space often required by light industrial uses.

A diverse set of uses wrapped around the shared courtyard increases the potential for neighborly interactions. Parking is tucked behind light industrial spaces.
Combining industrial uses with residential activities requires a careful definition of “light” or “moderate” industrial activities that are compatible with adjacent residential uses. Industrial activities that generate hazardous fumes or intense noise levels, for example, can not be permitted. To ensure a successful development, carefully calibrated zoning controls will be necessary to identify not only type of use, but also appropriate sizes (i.e., area and ceiling height) and locations.

**HOME-BASED INDUSTRIAL BUSINESSES WITHIN A RESIDENTIAL COMPLEX WILL LIKELY REQUIRE INFRASTRUCTURAL SUPPORT, INCLUDING SOME OR ALL OF THESE FEATURES:**

- Noise attenuation  
- Extra ventilation  
- Larger doors and wider drains  
- Minimum ceiling heights  
- Pick-up and delivery access  
- Loading docks and access doors  
- Sufficient electrical outlets, amperage, storage space, and lighting  
- Separate plumbing, heat register locations, and thermostats  
- Non-combustible walls and ceilings  
- Fireproof construction of storage areas  
- Sprinkler systems  
- Provision for management and disposal of hazardous waste
San Francisco is home to a number of neighborhood commercial districts where flats and apartments situated above ground floor commercial spaces line transit and pedestrian corridors. The pattern reflects a centuries-old tradition of “living above the shop” in which upper stories, inherently more private, are used as residences, while lower floors are used for the production and sale of goods and services. This very early form of live-work housing accommodated extended, multi-generational families with servants and shop apprentices. The pattern of residential-over-commercial space exemplifies the advantages of live-work development at the scale of the neighborhood. Residents live near needed goods and services and places of employment, while businesses benefit from a local clientele. Savings in commute time and transportation expense are possible, and the area is active throughout the day, increasing safety.

The Bayview District is characterized by a diversity of land uses: large-scale industrial, light industrial, commercial, and residential, including both apartments and a relatively large stock of single-family detached homes. Like other neighborhoods on the eastern side of San Francisco, the Bayview has a high proportion of large families and multi-generational households that are likely to suffer from overcrowding and have difficulty finding adequate housing. The new light rail system that links the Bayview to the rest of the city is intended to support existing business and attract new economic development, including housing above retail along the Third Street neighborhood commercial corridor.
The site is a sloping lot in the 5200 block of Third Street at Thornton Avenue composed of eight contiguous and mostly vacant parcels. The area is zoned for moderate-scale neighborhood commercial development and includes a variety of low-scale commercial establishments, intermixed with residential uses and vacant lots. A wide variety of uses is permitted with special emphasis on neighborhood-serving businesses.

DESIGN PROGRAM BRIEF

The team was asked to provide residential units with associated retail/commercial store frontage. Communal areas could be placed to the interior of the lot. Issues to be addressed were:

1. INTEGRATING living and working spaces
2. DISTINGUISHING the development from San Francisco’s common pattern of apartments or condominiums over commercial space
3. CONSIDERING ownership structures that would allow for flexibility

TEAM RESPONSE

FUNCTIONALITY: This townhouse model supports a variety of commercial and family residential uses in a design that carefully considers access, circulation and security. At the front, retail spaces are located at street level with two sets of residential units stacked above. The design takes advantage of the sloping site to include a courtyard or “interior street” on the second level with offices, studios, childcare facilities, a community space and a play area. At the back, residential units are located above courtyard-level work spaces.

FLEXIBILITY: Post-and-beam construction allows combining and reconfiguring of commercial spaces in response to changing business needs. The pattern of living above the shop is supported by internal stairs that link living units to associated street-level commercial spaces below. The stairs can be closed off to create separate units. Similarly, the internal stairs that link the levels of upper residential units can be closed off to disconnect the units for separate use. Flex spaces included within or attached to courtyard-level residential units function as bedrooms, home offices with or without client traffic, or studios.

OWNERSHIP: The physical combinations possible in the design reflect its inherent flexibility. In turn, they suggest a host of potential ownership/lease arrangements, including condominiums, rental flats, commercial spaces deeded to attached residential units used by an owner/renter or leased separately, and flats with associated residential rental units.
Retail establishments occupy commercial spaces along Third Street adjacent to the Light Rail system.

Third Street pedestrian entrance.

Secured gate on Thornton allows courtyard access at grade level for residents, clients, and deliveries.

Three-bedroom unit.

Two-bedroom unit is linked by stairs to one-bedroom unit above. Upper level can serve as a connected “granny flat.” Stairs can be closed off to form a separate rental unit.
Outdoor group space and terraced play area are adjacent to childcare space.

Post-and-beam construction allows for reconfiguration of commercial spaces as needed.

Three-bedroom unit has stairway allowing connection to commercial space below. Bedroom adjacent to courtyard can convert to a home office with or without separate entrance.

Flex space at courtyard level serves as workspace for residential unit above or as rental space.

Courtyard forms “interior street” terminating in outdoor group space.

Underground parking below grade of slope.

44 ENTERPRISE HOUSING

LIVING ABOVE THE SHOP THIRD STREET SECTION
DESIGN CHALLENGES

The vertical circulation used in this scheme is central to its flexibility. It creates the potential for combining and recombining of units to meet the diverse living and working needs of the inhabitants. This flexibility may be limited, however, by building code issues, such as the fire separation required between commercial and residential uses, and the tendency for homeownership projects to include restrictive covenants that limit, rather than encourage, flexibility of use and modifications to layout.
San Francisco has a relatively high proportion of professional, financial and knowledge-based workers. It follows that a live-work complex for these individuals located in close proximity to the city's commercial center and transportation links would find a ready market. The ClockTower Lofts, pictured on page 8, is a successful example of this approach. Co-locating home-office-based professionals such as accountants, computer specialists, or therapists, many of whom regularly see clients, gives rise to a distinct set of architectural requirements. Foremost among these needs are professional work areas and private spaces for client visits, while families would value communal spaces, childcare facilities, and recreational areas.

NEIGHBORHOOD CONTEXT

The Market-Octavia neighborhood, adjacent to San Francisco's Civic Center, is a mixture of small-scale commercial establishments, larger civic, cultural, and institutional uses, and a multitude of residential types. Substantial infrastructure and redevelopment projects mark its physical structure. The recent demolition of the central freeway opened up numerous sites whose potential for development is high, reflecting their prime location at the heart of San Francisco and close proximity to local and regional transit networks.
SITE

401 Grove Street is a 27,000 square foot vacant lot at the corner of Gough Street formerly covered by the central freeway. It is located in a mixed-use district and sits immediately adjacent to an established neighborhood urban fabric: residential units (flats) above ground floor commercial/retail. The site is currently used for surface parking.

DESIGN PROGRAM BRIEF

The team was asked to provide residential units with associated spaces for professional services home offices. Issues to be addressed were:

1. **STRUCTURING** living and working spaces
2. **MANAGING** circulation and client access to avoid crossing private residential areas
3. **PROVIDING** appropriate support services for offices, as well as childcare and other community spaces and services

Given the site’s location, the team decided to address affordability questions by increasing density. The result is a general design for a stepped massing structure culminating in a 10-story tower that exceeds current height limits.

**FUNCTIONALITY:** Ground floor retail spaces consistent with the neighborhood character wrap around the building. Above, office floors are sandwiched between residential floors. Through careful consideration of access and circulation overall and within residential units, office spaces allow client access while maintaining the privacy and security of residents. Reception areas, conference rooms, mailrooms, spaces for fax/office equipment, janitorial and storage spaces, kitchens and restrooms that support businesses are strategically interspersed. Common spaces provided for residents include those for childcare, recreation and socializing.

**FLEXIBILITY:** Team responses centered on ways to associate residential units with offices—spaces located adjacent to, above or below living space. Ideally, residents would have the choice of working within their units or working in another nearby, but separate,
office space in the building. Although detailed unit plans were not developed, priority was placed on being able to (1) convert associated office spaces to other uses such as a guest room, an extra bedroom, or a rental unit and (2) moderate privacy, that is open the space up for public access when used as an office, and make it more enclosed when used as living space. Floors or layers composed of these flex spaces used as offices would encourage an “internal street” environment, where there is a greater degree of public access. Businesses would have the option of expanding into adjacent spaces as they grow. The design proposes extending this pattern through the section of a high-density tower scheme. The mix of living, working, and street level retail activity results in a mixed-use community which is more vibrant and interesting than a single-use community.

**OWNERSHIP:** Consideration was given to ways residents could own, lease, or lease to own office spaces, including these arrangements: (1) attached workspace: owner is responsible for space with option to lease to sub-tenant, (2) separate workspace: owner is responsible for space or space is managed by third party, (3) workspace as common space: workspace is held in common by owners’ association and residents have right of first refusal to lease it, and (4) workspace managed by third party: deed restrictions can promote affordability by providing for below market-rate occupancy.
Pedestrian-oriented retail spaces conforming to neighborhood character are located at street level.

Taller structures maximize density on site while providing good light and views.

Roof gardens act as common social areas.

Separate elevators and lobbies are provided for residential and office uses.

Building is stepped back so block face is consistent with neighborhood and light can reach deep into the building.

Layers of offices/studios are sandwiched between residential floors. Office/studio spaces are designed to allow businesses to expand into adjoining spaces as needed.

Pedestrian-oriented retail spaces conforming to neighborhood character are located at street level.
Attached workspace with option to sublease
Separate workspace managed by owner or third party
Attched workspace with option to sublease
Common workspace managed by owners’ association or third party
DESIGN CHALLENGES

The nature of the project gives rise to several issues which can be addressed systematically in a large-scale context. For example, home-based workers who do not interact regularly with coworkers or clients may feel isolated. The sense of isolation can be minimized through designs which feature:

- Views, vistas, and natural light in the work area
- Roof decks that create open space while preserving density
- Multiple spaces for work to take place
- Spaces to work outdoors during good weather
- Shared work areas and common areas like patios, entrance lobbies, or yards where socialization with neighbors can occur
- Loading docks and access doors

FREQUENTLY WORK ENCROACHES ON THE LIVING SPACE OF HOME-BASED WORKERS AND THEIR FAMILIES. POSSIBLE REMEDIES INCLUDE:

- Vertical or horizontal distancing, such as placing business spaces on the ground floor and residential spaces on the upper floors.
- Establishing a business area at one end of the structure and the living area at the other.
- Separate entrances for household members and employees or clients.
- Acoustical separation materials, such as solid core doors with acoustical seals.

FINALLY, CONCERNS OF NEIGHBORS ABOUT A LARGE NUMBER OF LIVE-WORK EMPLOYEES AND CLIENTS COMING AND GOING DURING THE DAY MAY ARISE AND COULD BE ADDRESSED BY:

- Establishing limited hours during which clients and employees are permitted
- Protecting residential parking spaces during business hours
Project Artaud, a Mission District artists’ colony which some cite as the original inspiration for loft housing in San Francisco, is shown on page 8. During San Francisco’s live-work housing boom of the 1990’s, largely unregulated and speculative loft developments sparked steep increases in land prices, causing the displacement of many industrial businesses. The resulting predominant housing type was a “lifestyle” loft: upscale housing for wealthy singles and couples, generally not used for work or production. Although thousands of live-work units were produced, the new lofts, with high square foot costs and prices beyond reach for most residents, did little to relieve the City’s shortage of affordable housing or to stimulate home-based businesses. In reaction to these issues, in 2001 San Francisco enacted a moratorium on live-work loft development that continues in effect today.

The Mission District, like SOMA, is a true live-work neighborhood, home to residential development, retail uses, the arts, and a significant number of industrial sector jobs. It has experienced substantial demographic changes over the past century with successive waves of immigrants, the latest being Hispanics from Central America. Mission residents successfully resisted efforts in the early 1990s by biotech companies to locate there; however, multi-media and high tech firms succeeded in establishing a firm foothold in the area during the dot-com boom, displacing many light industrial production, distribution and repair activities. Prior to the 2001 moratorium, the Mission District also experienced a significant amount of loft development, second only to that in SOMA.
SITE

The site has a vacant 32,000 square foot warehouse and an adjacent at-grade parking lot. It sits along Mission Street, a major transit corridor, and is near the corner of Fifteenth Street. The site falls just within the Northeast Mission Industrial Zone, an industrial protection zone intended to preserve production, distribution, repair, and art activities.

DESIGN PROGRAM BRIEF

The team was asked to create flexible residential units with associated work spaces for art/craft/small businesses that could accommodate a diversity of family types or dwelling patterns. Issues to be addressed included:

1. ADAPTIVELY REUSING the existing structure
2. INTEGRATING work space and living space while assuring the privacy necessary for family life
3. IDENTIFYING design strategies that increase affordability

EXPANDING THE CURRENT STRUCTURE: The robust concrete pier and slab structural system of the existing warehouse engenders the ultimate flexibility in live-work uses. Modifications proposed include additional floor plates, street level spaces for retail or light industrial use, underground parking, and creation of a rooftop park to serve as a common area for tenants.

FLEXIBILITY THROUGH STRATIFICATION: The design departs from the standard loft typology by using floor plates to form programmatic barriers between living and working functions. Stratification of work and live functions on alternating floors permits residential and commercial spaces to be modified horizontally with a greater degree of autonomy and flexibility than is typical of loft developments organized around individual units. Vertical plumbing chaises synchronize the live and work spaces from a services perspective while light wells with stairs punctuate the plan to allow the combining and reconfiguring of commercial and residential spaces on adjacent floors. Internal stairs link living units on one floor with
associated commercial spaces on the floor above, reversing the usual pattern of living above the shop. The stairs can be closed off to create separate units depending on the nature of the work enterprise. **AFFORDABILITY:** An initial pro forma analysis suggested that reuse of the existing warehouse might be justified with the addition of two floors of live-work space; however, an extended post-design analysis found that even with increased density some form of subsidy would be required for the project to be affordable to moderate-income families. Horizontal flexibility, which allows tenant improvements to both working and living spaces, means there could be an opportunity in some cases to reduce costs through sweat equity.
MISSION STREET

New common open space with residential theme

- Typical light/stair well
- New work plate added to existing warehouse
- New residential plate added to existing warehouse

existing office/work mezzanine

Ground floor retail or light industrial use

Below-grade parking within existing basement

Existing warehouse repurposed for living plate

Existing warehouse repurposed for work plate

REDEFINING THE LOFT CONVERSION PERSPECTIVE
Light/stair well

Work level is a free span plate capable of reconfiguration for changing enterprise opportunities.

Vertical plumbing core captures bath at work level and kitchen/bath at living level.

Base residential units are two-bedroom units that can be expanded to add more sleeping areas as family needs dictate.

Additional bedroom or expanded common living area as required.
Secondary circulation for work plates

Planting provides soft barrier between public and private areas.

Live/work is organized around a common open space that is primarily residential in scope.

Light core organizes intermediate vertical circulation between live and workspace types. Vertical separation provides for more formal divisions of space types.

Work plate is generic in layout allowing for customization of use and is vertically organized by plumbing core and light/circulation well.
DESIGN CHALLENGES

Just as work can interfere with living, everyday aspects of home life, such as noise and distractions associated with children, neighbors, and television, can interfere with work. The impact of these factors can be minimized by:

- Creating a functional and flexible hierarchy of space types which allow residents to reconfigure their surroundings to meet their living and working needs.
- Allowing the live portion of the environment to scale at a rate that reflects the true nature of changing daily life.
- Placing work and live spaces on alternate floors (as is done in this proposal).
- Situating bedrooms and dens or television areas as far away from work spaces as possible.
- Using interior design elements such as color, furnishings, and lighting sources to strengthen the boundary lines between business and domestic areas.
- Limiting the common walls between work and live areas where possible and using acoustic materials.
- Including attractive spaces in the larger structure for play, childcare and socializing.

PAST EXPERIENCE SHOWS THERE IS A HIGH POTENTIAL FOR REVERSION OF LIVE-WORK LOFTS TO RESIDENTIAL USE ONLY. TO PREVENT THE LOSS OF LIVE-WORK UNITS:

- A covenant in the deed could require the loft be used for both live and work.
- Owners who use the loft as a residence only could be required to obtain a non-conforming use license and pay a fee to support the development of affordable housing.
- Non-conforming use licenses would be revocable if the residential use of a unit interferes with the legitimate live-work uses in the building or the building’s common areas.

COMPLAINTS ABOUT EXTERNALITIES, SUCH AS NOISES AND SMELLS FROM COMMERCIAL USES THAT INTERFERE WITH RESIDENTIAL USE, ARE A COMMON ISSUE IN LOFT DEVELOPMENTS. TO ADDRESS THIS ISSUE:

Nuisance easements could be employed whereby residents sign away their rights to complain about the valid work activities of their neighbors; conversely, covenants to control noise and fumes may be needed to protect residents in some cases.
In the charette, the question was asked: Could site-specific designs for a sample of four San Francisco neighborhoods and associated live-work programs reveal general strategies for designing live-work housing in San Francisco? Upon reviewing the designs produced, some common themes emerge.

First, each proposal includes a **DIVERSE PROGRAM**, a variety of spaces (perhaps encouraged through “fine grained” planning and zoning) intended to accommodate a varied set of residents and activities. Second, each design features a **MIDDLE GROUND BETWEEN THE VERY PUBLIC STREET EDGE AND THE PRIVATE RESIDENTIAL AREAS** typically located at the upper stories or rear of the lot. In several of the schemes, the middle ground takes the form of a podium-level courtyard where diverse and complimentary uses fruitfully coexist.

Finally, each of these schemes includes **FLEXIBLE SPACES** that—because of location, size, modifiability, or the way in which access and circulation are provided—can be used either as living spaces or as work spaces. Flex spaces are critical to these models and provide a degree of adaptability not always found in live-work housing.

These four designs serve to remind that the capacity to accommodate diversity and allow for change over time is fundamental to Enterprise Housing. Coupled with the support of careful zoning policies and innovative financing strategies, designs like these can help point the way to meeting the living and working needs of enterprising families in San Francisco.
When I began my career as a professional city planner decades ago, a major commandment in our education was the orderly use of land and the separation of activities in everyday life. The concept was that people should live in neighborhoods apart from where they worked, shopped or enjoyed open space. The workplace was likely to be far too tough, dispiriting or noisy, the streets too congested or dismal to be pleasant for living and raising children.

There were, to be sure, people living above their shops (I was born in such a location) or unfortunate enough to find it necessary to rent an apartment next to a factory with a smoke stack. Living in circumstances such as these was not considered evidence of choice and prosperity, but of necessity.

Today the nature of industry and the workplace is quite different. Grit and noise have all but disappeared. Gone are the
disincentives for living next to work. Many people are eager to live and work in locations brimming with urban character.

A mix of uses offers city dwellers an environment that abounds in diversity, vitality and the opportunity to live, work, shop and play within an easy walking distance of home. The shorter the distance between the living room and the workplace the better. The neighborhood that joins living with working is no longer a sign of necessity, but of preference.

Interest in the mixed urban environment in part reflects how people are likely to make a living in days to come. Here’s a revealing statistic: nearly 40 percent of the new jobs in San Francisco are held by self-employed people. As such, many no longer need a traditional workplace.

The internet, new technology, instant means to exchange knowledge and information, and all the other ways of explaining the new economy mean simply that collaboration is not dependent on proximity. It also means that people will increasingly live in cities for reasons other than making a living. San Francisco’s cherished neighborhoods like North Beach, Noe Valley and the Mission—earlier versions of good urbanism—seem more than ever fit for the new generation of city residents, fit for living and working at home and enjoying the benefits that only a city can give.

The concept you are reading about here, Enterprise Housing, is based on the notion that less affluent families could also use a decent home designed flexibly enough to contain space for work to produce essential income, plus space to care for the elderly or disabled if need be, or simply to raise children in a caring and convenient manner. These homes could be mixed in with other urban amenities. Schools, play yards and parks, markets, police stations and other services could be within walking distances. With enough ridership to support efficient transit, a day might arrive when the car is less of a necessity.

It seems to me there can be little dispute about the public policy virtue of Enterprise Housing. However public officials, planners and city hall, in general, will need some solid answers in order to implement this worthwhile, progressive idea.

QUESTIONS THAT COME TO MIND ARE:
1. What is the optimum design for these units?
2. What changes to existing regulations are necessary to make way for this new housing form?
3. What locations in the city are best suited for Enterprise Housing?
4. Will public financial assistance be required to ensure that Enterprise Housing is part of the mix?
5. How can Enterprise Housing over time be kept flexible, affordable and devoted to use by families in need?
Beyond answers to these questions, a fresh approach is needed to guide development in areas transitioning from older workplaces to mixed neighborhoods. New rules must be shaped that result in a vibrant mix of homes for living and working at all income levels, that foster neighborhoods offering, recreation, shopping, education and entertainment—that is, complete urban communities. I believe concepts such as this one can help to stimulate practical answers for how to go about wisely arranging space, designing structures and using land in cities that tend to our needs as human beings. **THE TIME FOR URBAN MIXED-USE DISTRICTS WITH WELL-DESIGNED ENTERPRISE HOUSING IS NOW.**

CREDITS

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NOTES

**Working at Home is a Fact of Life**

4. Multi-year data for self-employment and working at home for these jurisdictions are from the Census Bureau’s 2004 American FactFinder series. Totals for self-employment (unincorporated and incorporated businesses) were estimated by multiplying the figures for unincorporated self-employment by 1.3. This adjustment factor was based on data in Robert W. Fairlie, “Self-Employed Business Ownership Rates in the U.S.: 1979-2003,” *Small Business Research Summary*, no. 234, December 2004.

**An Overview**


www.live-work.com
Notes (continued)

An Overview


The Benefits of Working at Home

3. As quoted by Jaffe, 152.
6. Pratt, 2006. The figures presented are from tax returns of sole proprietorships reporting positive net income.
8. This estimate was provided by Jarvis Racine of Runzheimer International using data from relocation benefit surveys (July 28, 2006).

Supporting the Kitchen Table Economy

3. Association for Enterprise Opportunity.
4. Edgcomb and Klein, 65, 70.
5. Edgcomb and Klein, 65.

The Role of Housing Design in Community Development


Designs for San Francisco

1. These sites were chosen solely for purposes of illustration without knowledge of their current ownership or potential for future development.
2. Some of the suggestions included in the “Design Challenges” sections of this chapter are drawn from recommendations made by Sherry Ahrentzen (1987, 1991, 2001—see Bibliography).
3. Although the Mission lofts team was unable to finish its design within the time frame of the charrette, Mason Kirby generously volunteered to complete it afterward. The work shown here represents his interpretation of the group’s intent.

Abstract: This report is an examination of a cross-section of professional homeworkers in various occupations, both self-employed and corporate. It identifies patterns of divergent activities within the home, assessing their success or hindrance in accommodating multiple roles in the same place, and identifies design requirements to support working at home.


Abstract: This report documents 100 cases of hybrid housing, residences designed to contain both residential and business space. Each of the residences is described, often with floor plans. Major considerations in the design and construction of such housing are identified. A typology of hybrid housing derived from the sample is presented.


Abstract: This article discusses the importance of home businesses to the working poor and their communities, and offers design guidelines for live-work housing. It reviews the history of home-based businesses in Milwaukee and summarizes information gathered from local community groups and home business operators there. Recommendations for community development are presented in the form of a prototype revitalization of a city block of six units to accommodate home businesses.


Abstract: This report, commissioned by the Small Business Administration, reviews the characteristics of home-based businesses and analyzes the local, state, and federal regulatory barriers they face, including tax, zoning, and coding regulations. The data presented on home-based businesses are a reanalysis of 1992 data used by Pratt.


Abstract: This report presents the findings of a special supplement to the 2004 Current Population Survey on home workers. Demographic information, occupation, industry, pay status, reason for work at home, use of electronic equipment, and frequency of work at home are reported.


Abstract: This book provides an overview of the process of developing affordable housing, including the roles of architects, cost-generating factors and trade-offs, and design principles. Ten case studies of multi-family housing illustrate how the development process can result in design excellence.


Abstract: This working paper from the office of Thomas Dolan Architecture discusses basic types of live-work housing and points out the zoning and code needs of homeworkers. It is supported by an online guide to the development code and development process in Oakland, California.


Abstract: This working paper from the office of Thomas Dolan Architecture discusses the advantages and attributes of affordable mixed-use and live-work housing. It highlights these attributes in several projects designed by the firm.


Abstract: This report reviews U.S. microenterprise activities over the past two decades. Topics include the nature and scope of microenterprise in the economy, the tangible and intangible benefits of microenterprises to the individuals involved in them, the growth and performance of microenterprise development programs and calculations of their cost-benefit, and recommendations to advance this field.

**Abstract:** This book provides a research-oriented perspective of home-based work. It explores the meaning and experiences of homeworking and homeworkers (limited here to mean home-based wage laborers) in North America, Europe, Asia, and Australia. A taxonomy of home-based work is presented, along with compilations of studies and official data on the topic. Methodological issues of this field are explored, and a framework is offered for examining the strategies households use to combine family life with working at home.


**Abstract:** This book examines alternative housing intended to accommodate the new household structures emerging in the U.S. It discusses collective housing, housing for single-parent households, and single room occupancy housing, and includes several examples of live-work housing. Four central themes are addressed throughout: (1) the social integration of different types of households, (2) the integration of housing with other uses such as social services, (3) the participation of residents in planning, designing, and managing their living environments, and (4) striking a balance between “privacy” and “sharing” in housing designs.


**Abstract:** This book examines the findings of studies of teleworkers and telecommuters in California in 1990 and Canada in 1995. It presents a taxonomy of home-based teleworkers, and proposes typologies for live-work housing for communications-based “electronic houses” of the future. Throughout, it explores the ramifications of home-based telework at the level of the individual, the family, and society.


**Abstract:** This book summarizes a 1989 study of home workers in nine states, and includes the results of a follow-up survey conducted three years later. It presents data on the characteristics of home-based workers and the effects of working at home on family life. The book discusses implications of the study, the history of home-based work in the U.S., and the numerous personal and public policy issues involved in working at home. An extensive list of references is provided.


**Abstract:** This book provides an overview of affordable housing in the U.S., covering needs, residents, and the design process. It discusses the policy, regulatory and financial issues that influence affordable housing design and construction. Eighty-three case studies of affordable housing development from across the U.S., selected on the basis of their design excellence and the community development issues involved, are presented.


**Abstract:** This report presents case studies of several home-based businesses and documents recent affordable live-work housing developments, including some with agricultural components. It outlines a community development strategy to promote productive uses of family housing and identifies housing policies and community resources needed to support home-based small businesses among the poor.


**Abstract:** This report presents the results of a comprehensive poll of small business owners in 2002. It discusses defining characteristics of family businesses, the prevalence of family businesses, the participation of various family members as owners and employees, plans to transfer business ownership within the family, and ownership of other businesses by members of the same family.


**Abstract:** This report, commissioned by the Small Business Administration, presents the results of a 1992 survey of self-employed small business owners (Schedule C, partnership and S corporation filers). It describes key aspects of home-based businesses and their owners, including demographics, industries, profitability, employees, and survival rates. Data for home-based businesses are compared to those for non-homebased businesses.

Abstract: This report, commissioned by the Small Business Administration, presents an analysis of the tax returns for sole proprietor firms (Schedule C filers) in 2002. Comparisons are made between home-based firms that take home office deductions and non-homebased firms that have rent expenses. Data showing the effects of location are presented by industry and sub-industry in terms of revenues, expense categories, and net income (or deficit).


Abstract: This book reports a study of seven community-based programs intended to help low-income individuals start their own businesses. It discusses the economic performance of the businesses started by the participants, the factors that influence performance, and the multiple outcomes of microenterprise that were found. It also reviews the history of microenterprise as an anti-poverty strategy.


Abstract: This report presents data from the 1997 Survey of Income and Program Participation that describe the employment and demographic characteristics of home-based workers, including industry, occupation, age, gender, race, income, and family. It includes a comparison of the different government definitions of home-based workers and the varying counts based on these definitions.


Abstract: This policy paper from SPUR’s Housing Committee is a proposal to revitalize San Francisco neighborhoods by replacing underutilized single-story retail sites with mixed-use developments. The paper considers the perspectives of storeowners and neighborhoods, discusses barriers and incentives related to mixed-use development, and ends with specific suggestions for changes to planning and zoning codes.

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Members of the Bay Area design community, developers, local officials, students and others who donated a precious weekend day to participate in the charrette include: David Addington, Pedro Arce, Drew Bagdasarian, Hyland Baron, Michael Bruner, Joyce Cho, Margaret Chu, Sean Culman, Thomas Dolan, Joe Feltham, Amit Ghosh, Mui Ho, Geoff Holton, Jenny Huang, Justin James, Jamie Johnson, Sandy Johnson, Kenneth Jones, Mason Kirby, Max Kwok, Emily Lin, Tyrone Marshall, Fernando Marti, Supervisor Jake McGoldrick, Mignon O’Young, Joann Pavlinec, Cass Calder Smith, Joe Smooke, Sandra Soto-Grondona, Austin Tang, Serenity Thompson, Anne Torney, and Greg Upwall. Margie O’Driscoll, executive director of the San Francisco AIA, and her staff graciously made their facilities available for the charrette and helped to publicize and promote it. Mason Kirby labored to prepare consistent illustrations of the designs developed by the charrette teams and in some cases to extend designs that were not completed by the teams during the charrette time frame.

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