



SMALL BUSINESS COMMISSION
OFFICE OF SMALL BUSINESS



CITY AND COUNTY OF SAN FRANCISCO
EDWIN M. LEE, MAYOR

February 13, 2014

Ms. Angela Calvillo, Clerk of the Board
Board of Supervisors
City Hall Room 244
1 Dr. Carlton B. Goodlett Place
San Francisco, CA 94102-4689

File No. 131205 [Planning Code – Production, Distribution, and Repair Zoning]

Small Business Commission Recommendation: **Approval with Modifications (6-0 Vote)**

Dear Ms. Calvillo:

On February 10, 2014, the Small Business Commission heard the subject legislation and received a staff presentation from Tiffany Garcia, Office of Economic and Workforce Development, and Andrea Bruss, Legislative Aide to Supervisor Malia Cohen. The presenters conveyed the importance of the legislative proposal to San Francisco's burgeoning manufacturing sector, a relatively small but important part of the local economy experiencing steady growth in recent years. In fact, growth has been so impressive that the Commission is aware that too few manufacturing spaces are available to meet current demand, resulting in the possibility that some companies may be forced to locate in nearby cities on the Peninsula or in the East Bay. An inability to secure the investments and future growth of these manufacturing businesses would be detrimental to San Francisco's economy as hundreds of relatively well-paying jobs (with benefits) available to individuals with varying levels of education would be created outside the city. In appreciation of these and other factors, the Commission voted unanimously (6-0) to recommend approval to the Board of Supervisors of this timely legislative proposal that would harness the economic potential of certain vacant and underutilized parcels, with one key modification.

The Commission identified one element of the proposed legislation that it felt ran contrary to the overarching goal of supporting the viability of local manufacturers. Subsection (d) of section 204.3 addressing accessory retail uses was found to be overly prescriptive in its standards for allocation of accessory retail space within multi-tenant production, distribution, and repair (PDR) buildings. While the Commission expressed broad support for the subsection's allowance to combine accessory retail space within such buildings, it also strongly opposed the language requiring an accessory retail allotment to be allocated proportionally to the size of each contributing-PDR use, and limiting the accessory retail space of any tenant in a such a building to no more than 1/3 of its floor area.

Several specific points were raised in opposition to these provisions. From an area-wide, programmatic perspective, the Commission placed paramount importance on limiting accessory retail space per site or per building, not per user. Overall PDR-to-accessory retail ratios will be unaffected by any single user in a multi-tenant building having more or less than 1/3 of its floor area as accessory retail space. However, from a financial and marketability perspective, allowing flexible distributions of accessory retail space could have a tremendous impact for different types of manufacturers. Producers create products in a variety of sizes, not always directly related to the size of their production space. A clothing manufacturer may have a very different retail footprint than a furniture producer, although the legislation as drafted would treat them identically. By allowing greater flexibility, property owners and businesses can work

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together to find an optimal breakdown of retail space based on individualized needs. Lastly, from an enforcement perspective, the Commission questioned the practical enforceability of such a specific prescription for the allocation of accessory retail space. Delineating the end of one manufacturer's display area and the start of another's was expected to prove frustrating to City inspectors and producers alike, with the Commission believing such an expenditure of taxpayer resources would be better directed elsewhere. Compliance can more easily be ensured, and the program's overarching goals furthered, by evaluating accessory retail space on a per-building basis. For these reasons, the Commission recommended that the final sentence in subsection (d) of section 204.3 be amended to read as follows:

For accessory retail, multiple PDR uses within a single building may combine their accessory retail allotment into a single space, as long as the total allotment of accessory retail space per building does not exceed what otherwise would be permitted by this Section.

I thank you for considering the Small Business Commission's comments on this legislation. Please feel free to contact me should you have any questions.

Sincerely,



Regina Dick-Endrizzi
Director, Office of Small Business

cc: Jason Elliot, Mayor's Office
Jon Lau, Office of Economic and Workforce Development
Andrea Bruss, Office of Supervisor Malia Cohen
Andrea Ausberry, Office of the Clerk of the Board
AnMarie Rodgers, Planning Department
Kate Sofis, SFMade