

Member, Board of Supervisors
District 3



City and County of San Francisco

AARON PESKIN
佩斯金市參事

November 19, 2019

Board of Supervisors
San Francisco City Hall
1 Dr. Carlton Goodlett B. Pl.
San Francisco, CA 94102

Dear President Yee and Colleagues:

On Thursday, November 21, several of you will convene at a Special Meeting of the Board of Supervisors to consider placing the Storefront Vacancy Tax on San Francisco's March 2020 ballot. With humility and gratitude, I am writing to apologize for my absence at that meeting and to thank you in advance for your consideration of this important matter.

As San Francisco has experienced an economic boom and low unemployment, virtually all of us have seen storefront vacancies increase along our most vibrant commercial corridors. While some of this can be attributed to the rise in online shopping, our own Budget & Legislative Analyst has pointed to other factors, including absentee landlords, speculative rent increases, and failure to rehabilitate or improve commercial space to attract community-serving tenants.¹

The Storefront Vacancy Tax is the culmination of years of outreach to – and advocacy on behalf of – San Francisco's small business community. Since I returned to office in late 2015, we've seen beloved community-serving businesses shutter their doors due to untenable rent increases. Fog Hill Market, a legacy institution on Telegraph Hill, was forced by one such rent increase to close its doors in 2016 and has been vacant ever since. Last Thursday, we were joined by community groups and elected officials across San Francisco's political spectrum to protest the speculative rent increase hanging over Caffè Sapore, the loss of which would leave another tear in the community fabric. Despite numerous vacancies in the area, none will offer rent at a rate that this beloved neighborhood living room can afford. The stories are numerous, and we all have them.

Absent tools like commercial rent control – which would require a change to state law – the Storefront Vacancy Tax is the best mechanism we have for stabilizing our small business corridors against market fluctuations and to incentivize property owners to offer commercial

¹ "Preventing and Filling Commercial Vacancies in San Francisco (2018 Update), Budget and Legislative Analyst, City and County of San Francisco. https://sfbos.org/sites/default/files/BLA_Report_Commercial_Vacancies-011618.pdf

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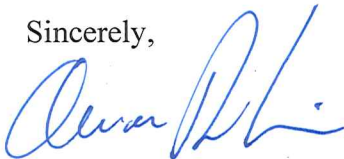
space to community-serving tenants at a reasonable rate. By introducing another element of risk for property owners considering whether to evict their tenants or impose extraordinary rent increases, the Storefront Vacancy Tax will give small businesses along San Francisco's most vibrant neighborhood commercial corridors new leverage in their lease negotiations.

We can – and must – do more for San Francisco's small business community. While the Storefront Vacancy Tax requires approval by the voters, there is plenty that we may do legislatively. Last Tuesday, I announced that I will soon be introducing legislation to provide immediate relief from myriad City fees that are routinely assessed against small businesses who are unable to pay. We can do more to facilitate speedy approvals of City permits. We can do more to urge City departments to coordinate more effectively, so that small businesses are not subject to multiple redundant inspections and conflicting determinations.

I also want to acknowledge the Office of Small Business and the Small Business Commission for their support of the Storefront Vacancy Tax and for their collaboration – along with members of the Budget & Finance Committee – in developing amendments to the legislation to better protect San Francisco's small business community. Moving forward, I anticipate widespread support for this measure as it moves toward the March 2020 ballot.

In the meantime, thank you once again for your support and for considering this item at this Thursday's special meeting of the Board of Supervisors and apologize in advance for my absence.

Sincerely,



Aaron Peskin

Cc: Angela Calvillo, Clerk of the Board of Supervisors
Regina Dick-Endrizzi, Director, Office of Small Business