



May 29, 2024

Ms. Angela Calvillo, Clerk
Honorable Supervisor Preston
Board of Supervisors
City and County of San Francisco
City Hall, Room 244
1 Dr. Carlton B. Goodlett Place
San Francisco, CA 94102

Re: Transmittal of Planning Department Case Number 2024-002694PCA:
Divisadero Street Neighborhood Commercial Transit District Board
File No. 240263

Planning Commission Recommendation: Approval with Modification

Dear Ms. Calvillo and Supervisor Preston,

On May 23, 2024, the Planning Commission conducted a duly noticed public hearing at a regularly scheduled meeting to consider the proposed Ordinance, introduced by Supervisor Preston that would amend the Divisadero Street Neighborhood Commercial Transit District. At the hearing the Planning Commission recommended approval with modification.

The Commission's proposed modifications were as follows:

1. Amend the footnote to specifically cite Assessor Block 1215 Lots 018-089 instead of referencing the existing conditions.
2. Amend the technical footnote as read into the record by Staff.

Additionally, the Commission recommends the Board of Supervisors consider amending the Divisadero NCT Zoning Control Table to conditionally permit Liquor Stores on the ground floor.

Supervisor, please advise the City Attorney at your earliest convenience if you wish to incorporate the changes recommended by the Commission.

Please find attached documents relating to the actions of the Commission. If you have any questions or require further information please do not hesitate to contact me.

Sincerely,

A handwritten signature in black ink, appearing to read "Aaron D. Starr". The signature is fluid and cursive, with a long horizontal stroke extending to the right.

Aaron D. Starr
Manager of Legislative Affairs

cc: Robb Kapla, Deputy City Attorney
Preston Kilgore, Aide to Supervisor Preston
John Carroll, Office of the Clerk of the Board

Attachments :

Planning Commission Resolution
Planning Department Executive Summary



PLANNING COMMISSION RESOLUTION NO. 21567

HEARING DATE: May 23, 2024

Project Name: Divisadero Street Neighborhood Commercial Transit District
Case Number: 2024-002694PCA [Board File No. 240263]
Initiated by: Supervisor Preston / Introduced March 19, 2024
Staff Contact: Veronica Flores, Legislative Affairs
veronica.flores@sfgov.org, 628-652-7525
Reviewed by: Elizabeth Gordon Jonckheer, Principal Planner
elizabeth.gordon-jonckheer@sfgov.org, (628) 652-7365

RESOLUTION APPROVING WITH MODIFICATION A PROPOSED ORDINANCE THAT WOULD AMEND THE PLANNING CODE TO PERMIT LIQUOR STORES IN THE BUILDINGS WITH OFF-STREET PARKING ACCESSED ON BRODERICK STREET WITHIN THE DIVISADERO STREET NEIGHBORHOOD COMMERCIAL TRANSIT DISTRICT; AFFIRMING THE PLANNING DEPARTMENT’S DETERMINATION UNDER THE CALIFORNIA ENVIRONMENTAL QUALITY ACT; AND MAKING PUBLIC NECESSITY, CONVENIENCE, AND WELFARE FINDINGS UNDER PLANNING CODE, SECTION 302, AND FINDINGS OF CONSISTENCY WITH THE GENERAL PLAN, AND THE EIGHT PRIORITY POLICIES OF PLANNING CODE, SECTION 101.1.

WHEREAS, on March 19, 2024 Supervisor Preston introduced a proposed Ordinance under Board of Supervisors (hereinafter “Board”) File Number 240263, which would amend the Planning Code to permit liquor stores in the buildings with off-street parking accessed on Broderick Street within the Divisadero Street Neighborhood Commercial Transit District;

WHEREAS, the Planning Commission (hereinafter “Commission”) conducted a duly noticed public hearing at a regularly scheduled meeting to consider the proposed Ordinance on May 23, 2024; and,

WHEREAS, the proposed Ordinance has been determined to be categorically exempt from environmental review under the California Environmental Quality Act Sections 15378 and 15060(c)(2); and

WHEREAS, the Planning Commission has heard and considered the testimony presented to it at the public hearing and has further considered written materials and oral testimony presented on behalf of Department staff and other interested parties; and

WHEREAS, all pertinent documents may be found in the files of the Department, as the Custodian of Records, at 49 South Van Ness Avenue, Suite 1400, San Francisco; and

WHEREAS, the Planning Commission has reviewed the proposed Ordinance; and

WHEREAS, the Planning Commission finds from the facts presented that the public necessity, convenience, and general welfare require the proposed amendment; and

MOVED, that the Planning Commission hereby **approves with modifications** the proposed ordinance. The Commission's proposed recommendations are as follows:

1. Amend the footnote to specifically cite Assessor Block 1215 Lots 018-089 instead of referencing the existing conditions.
2. Amend the technical footnote as read into the record by Staff.

Additionally, the Commission recommends the Board of Supervisors consider amending the Divisadero NCT Zoning Control Table to conditionally permit Liquor Stores on the ground floor.

Findings

Having reviewed the materials identified in the preamble above, and having heard all testimony and arguments, this Commission finds, concludes, and determines as follows:

The proposed Ordinance will support an established independent family-run Grocery Store.

The proposed Ordinance will provide more flexibility in filling a vacant storefront.

General Plan Compliance

The proposed Ordinance and the Commission's recommended modifications are consistent with the following Objectives and Policies of the General Plan:

COMMERCE AND INDUSTRY ELEMENT

OBJECTIVE 1

MANAGE ECONOMIC GROWTH AND CHANGE TO ENSURE ENHANCEMENT OF THE TOTAL CITY LIVING AND WORKING ENVIRONMENT.

Policy 1.1

Encourage development which provides substantial net benefits and minimizes undesirable consequences. Discourage development which has substantial undesirable consequences that cannot be mitigated.

Policy 1.3

Locate commercial and industrial activities according to a generalized commercial and industrial land use plan.

OBJECTIVE 2

MAINTAIN AND ENHANCE A SOUND AND DIVERSE ECONOMIC BASE AND FISCAL STRUCTURE FOR THE CITY.

Policy 2.1

Seek to retain existing commercial and industrial activity and to attract new such activity to the city.

Policy 2.3

Maintain a favorable social and cultural climate in the city in order to enhance its attractiveness as a firm location.

OBJECTIVE 6

MAINTAIN AND STRENGTHEN VIABLE NEIGHBORHOOD COMMERCIAL AREAS EASILY ACCESSIBLE TO CITY RESIDENTS.

Policy 6.1

Ensure and encourage the retention and provision of neighborhood-serving goods and services in the city's neighborhood commercial districts, while recognizing and encouraging diversity among the districts.

The proposed Ordinance supports the Commerce and Industry Element's goals of maintaining and supporting the economic growth of San Francisco. The proposed amendments align with Policy 2.1 by attracting a new business to Falletti's Plaza. Additionally, the expanded Use allowance at the property and additional flexibility helps address storefront vacancies and responds to the Commerce and Industry Element's Objective of maintaining a diverse economic base. The property owner shared that filling the vacancy will increase pedestrian traffic around the plaza and increase visitors for the existing businesses, aligning with Policy 6.1 to retain neighborhood-serving goods and services.

Planning Code Section 101 Findings

The proposed amendments to the Planning Code are consistent with the eight Priority Policies set forth in Section 101.1(b) of the Planning Code in that:

1. That existing neighborhood-serving retail uses be preserved and enhanced and future opportunities for resident employment in and ownership of such businesses enhanced;

The proposed Ordinance would not have a negative effect on neighborhood serving retail uses and will not have a negative effect on opportunities for resident employment in and ownership of neighborhood-serving retail.

2. That existing housing and neighborhood character be conserved and protected in order to preserve the cultural and economic diversity of our neighborhoods;

The proposed Ordinance would not have a negative effect on housing or neighborhood character.

3. That the City's supply of affordable housing be preserved and enhanced;

The proposed Ordinance would not have an adverse effect on the City's supply of affordable housing.

4. That commuter traffic not impede MUNI transit service or overburden our streets or neighborhood parking;

The proposed Ordinance would not result in commuter traffic impeding MUNI transit service or overburdening the streets or neighborhood parking.

5. That a diverse economic base be maintained by protecting our industrial and service sectors from displacement due to commercial office development, and that future opportunities for resident employment and ownership in these sectors be enhanced;

The proposed Ordinance would not cause displacement of the industrial or service sectors due to office development, and future opportunities for resident employment or ownership in these sectors would not be impaired.

6. That the City achieve the greatest possible preparedness to protect against injury and loss of life in an earthquake;

The proposed Ordinance would not have an adverse effect on City's preparedness against injury and loss of life in an earthquake.

7. That the landmarks and historic buildings be preserved;

The proposed Ordinance would not have an adverse effect on the City's Landmarks and historic buildings.

8. That our parks and open space and their access to sunlight and vistas be protected from development;

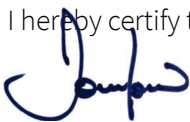
The proposed Ordinance would not have an adverse effect on the City's parks and open space and their access to sunlight and vistas.

Planning Code Section 302 Findings.

The Planning Commission finds from the facts presented that the public necessity, convenience and general welfare require the proposed amendments to the Planning Code as set forth in Section 302.

NOW THEREFORE BE IT RESOLVED that the Commission hereby APPROVES WITH MODIFICATIONS the proposed Ordinance as described in this Resolution.

I hereby certify that the foregoing Resolution was adopted by the Commission at its meeting on May 23, 2024.



Jonas P Ionin

Digitally signed by Jonas P Ionin
Date: 2024.05.28 14:45:27 -07'00'

Jonas P. Ionin
Commission Secretary

AYES: So, Williams, Braun, Imperial, Moore, Diamond
NOES: None
ABSENT: Koppel
ADOPTED: May 23, 2024



EXECUTIVE SUMMARY

PLANNING CODE TEXT AMENDMENT

HEARING DATE: May 23, 2024

90-Day Deadline: June 25, 2024

Project Name: Divisadero Street Neighborhood Commercial Transit District
Case Number: 2024-002694PCA [Board File No. 240263]
Initiated by: Supervisor Preston / Introduced March 19, 2024
Staff Contact: Veronica Flores, Legislative Affairs
veronica.flores@sfgov.org, 628-652-7525
Reviewed by: Elizabeth Gordon Jonckheer, Principal Planner
elizabeth.gordon-jonckheer@sfgov.org, (628) 652-7365
Environmental Review: Not a Project Under CEQA

Recommendation: Approval with Modifications

Planning Code Amendment

The proposed Ordinance would amend the Planning Code to permit liquor stores in the buildings with off-street parking accessed on Broderick Street within the Divisadero Street Neighborhood Commercial Transit District (NCT).

The Way It Is Now:

Liquor Stores are currently not permitted within the Divisadero Street NCT. One exception is for any legally established Liquor Stores to relocate within the district through a Conditional Use Authorization (CUA).

The Way It Would Be:

In addition to the relocation provision, Liquor Stores would be principally permitted for buildings located within the mixed-use development served by off-street parking accessed on Broderick Street between Fell Street and Oak Street.

Background

Falletti Foods is a family-run independent grocery store located at Falletti's Plaza. The Falletti family has a history of working and managing various grocery stores within San Francisco. The Falletti family opened the location at 308 Broderick Street in 2006 and have operated there ever since. The property owner of Falletti's Plaza approached the Supervisor's Office for more flexibility in filling the former Bank of America at the plaza. In 2020, this Bank of America location closed to walk-in customers in response to the COVID-19 pandemic. Appointments and the ATMs were available until this branch officially closed in November 2023.¹

Schloks Bagels intends to expand their facility into a portion of this space. Additionally, the property owners have been working to fill the remainder of the space. The prospective tenant (Bitters and Bottles) is a Liquor Store, which is not currently allowed. This proposed Ordinance would allow Bitters and Bottles to lease the vacant commercial space.

The Divisadero Alcohol Restricted Use District (RUD) was established in 2004 to place strict limitations on alcohol establishments within the district.² This included a prohibition on new Liquor Stores. When the Planning Commission heard this Ordinance, they recommended that the mixed-use development at 1275 Fell Street be exempt from the RUD³ as it was approved the prior year under Motion No. 16615. After that entitlement was approved, Assessor's Block 1215 Lot 11 was subdivided into Lots 018-089.

A decade later, the Divisadero NCD was established in 2014.⁴ The Divisadero NCD was updated to an NCT in 2015⁵ and strives for a mixed-use neighborhood, strongly encouraging neighborhood-serving businesses. When the Divisadero NCD was originally established, the Divisadero Alcohol RUD overlapped completely with the original Divisadero NCD boundaries. Therefore, the Divisadero Alcohol RUD was repealed, and the provisions were incorporated into the NCD instead for simplicity and clarity. This was carried into the NCT today.

¹ [Kron 4 News, November 30, 2023.](#)

² [Ordinance No. 41-04.](#)

³ [Resolution No. 16672.](#)

⁴ [Ordinance No. 227-14.](#)

⁵ [Ordinance No. 127-15.](#)

Issues and Considerations

Divisadero Alcohol Restrictions

When the Divisadero Alcohol RUD was originally established, off-sale alcohol establishments were permitted in most other NCDs under the former Article 7 definition of “Other Retail Sales and Services”. This definition was removed when the Article 7 definitions were consolidated into Section 102⁶ for clarity and consistency. At the time, Divisadero Street parcels zoned NC-3 prohibited new off-sale alcoholic beverage sales establishments. The RUD was introduced in response to neighborhood residents sharing concerns about establishments selling alcohol in the Divisadero Street corridor. Additionally, residents expressed concerns that there were too many establishments selling alcoholic beverages both for consumption on and off the premises. These alcohol restrictions were established 20 years ago and may be outdated now given the neighborhood context and changes within the alcohol industry.

Liquor Store Definition and Limitations

The alcohol industry has changed and now there are more boutique shops dedicated to liquor and alcohol sales, such as Bitters & Bottles. These boutique shops are a neighborhood destination and can be more inviting to residents and visitors compared to traditional Liquor Stores. However, these are still classified as a “Liquor Store” under the Planning Code, even if they may not result in some of the litter, loitering, and noise concerns associated with Liquor Stores in the past.

Grocery Store Alcohol Sales

Grocery Stores can sell beer, wine, and/or liquor for off-site consumption as long as they have the appropriate licenses from the California Alcoholic Beverage Control (ABC). The two ABC Licenses allowed within Grocery Stores are Type 20 (off-sale beer and wine) and Type 21 (off-sale general). However, alcohol must occupy less than 15% of the Occupied Floor Area of the establishment (including all areas devoted to the display and sale of alcoholic beverages). Anything greater than 15% is classified as a Liquor Store under Section 102. Falletti Foods did receive special allowances in their original entitlement, which allows them to dedicate up to 2,000 square feet of commercial space for off-sale liquor sales, specifically beer and wine.⁷

General Plan Compliance

The proposed Ordinance supports the Commerce and Industry Element’s goals of maintaining and supporting the economic growth of San Francisco. The proposed amendments align with Policy 2.1 by attracting a new business to Falletti’s Plaza. Additionally, the expanded Use allowance at the property and additional flexibility helps address storefront vacancies and responds to the Commerce and Industry Element’s Objective of maintaining a diverse economic base. The property owner shared that filling the vacancy will increase pedestrian traffic around the plaza and increase visitors for the existing businesses, aligning with Policy 6.1 to retain neighborhood-serving goods and services.

⁶ [Ordinance 103-17](#).

⁷ [Motion No. 16615](#).

Racial and Social Equity Analysis

The proposed amendments cannot be directly tied to a negative or positive impact in advancing the City's racial and social equity. There is not enough data to support the claim for the small number of businesses that it will affect. However, the Department believes that expanding this proposed Ordinance would be more equitable if changes to more permissive Use controls are applied to all parcels within the District.

Implementation

The Department has determined that this ordinance will not impact our current implementation procedures.

Recommendation

The Department recommends that the Commission *approve with modifications* the proposed Ordinance and adopt the attached Draft Resolution to that effect. The Department's proposed recommendations are as follows:

1. Amend the Divisadero NCT Zoning Control Table to conditionally permit Liquor Stores on the ground floor.
2. Amend the footnote to specifically cite Assessor Block 1215 Lots 018-089 instead of referencing the existing conditions.

Basis for Recommendation

The Department endorses this proposed Ordinance which will support Falletti Foods expanding their liquor sales. The former Bank of America at Falletti's Plaza officially closed less than a year ago and the property owner has the opportunity to lease out the commercial space to a use that is principally or conditionally permitted within the Divisadero Street NCT. The Department recognizes the property owner has identified a prospective Liquor Store to fill the former Bank of America commercial space, but that this Use is currently not permitted within the district. The Department supports providing more flexibility for the property owner to fill the vacant storefront; however, the Department suggests taking a more holistic view on the neighborhood context, rather than singling out this one parcel. Additionally, the Department believes this proposed Ordinance would be improved with the following modifications:

Recommendation 1: Amend the Divisadero NCT Zoning Control Table to conditionally permit Liquor Stores on the ground floor.

The Divisadero Street NCT alcohol restrictions were codified in 2004 and then incorporated into the Zoning Control Table in 2014. These controls may be outdated and might not be as relevant given the changes within the alcohol industry and the neighborhood context. Staff believes this is an opportunity to revisit these controls and determine if they are still relevant to this NCT. Additionally, there are now new types of boutique shops specializing in liquor and regulated as a Liquor Store. Requiring a CUA for Liquor Stores proposed within the Divisadero Street NCT still allows a pathway for this prospective tenant to open up, while also allowing other businesses an opportunity to benefit. The public hearing process will allow the Planning Commission to vet the proposal and consider public testimony if the CUA should be granted or not.

Staff understands the intent of this proposed Ordinance is to facilitate a prospective tenant to fill the former Bank of America space. This branch drastically reduced its services in 2020 and officially closed less than a year ago in November 2023. One goal of this Ordinance is to help fill this storefront vacancy. However, there are many different uses currently allowed within the Divisadero NCT today such as restaurants, clothing stores, or a trade shop. There were also a number of small business efforts including last year's "Citywide Expansion of Allowable Commercial, Restaurant, and Retail Uses" Ordinance, which made use controls more permissive within the NCs. This proposed Ordinance is focusing on a very specific parcel and the Department suggests broadening the amendment so that others may benefit as well. Additionally, this proposed Ordinance seeks to allow a specific Use that is currently not permitted. Staff supports the intent of filling storefront vacancies but suggests taking a larger-scale approach as there are other Uses already currently allowed without any legislative amendments. The recommended modification balances out the Ordinance goal of providing more flexibility at the property while also responding to the current times and projects we see before us.

Recommendation 2: Amend the footnote to specifically cite Assessor Block 1215 Lots 018-089 instead of referencing the existing conditions.

The proposed language is very specific to the existing conditions of the mixed-use development at 1275 Fell Street. If for some reason the mixed-use development removes the off-street parking or changes the access point, then the property would become noncomplying. This may unintentionally cause problems in the future if any of the Uses at this property were to expand or intensify their Uses and Services. In order to avoid this scenario, the Department suggests directly citing the Assessor's Block/Lot within the footnote instead. While the Department would support a broader approach, this amendment achieves the intent of this proposed Ordinance in a more direct fashion.

Required Commission Action

The proposed Ordinance is before the Commission so that it may approve it, reject it, or approve it with modifications.

Environmental Review

The proposed amendments are not defined as a project under CEQA Guidelines Section 15378 and 15060(c)(2) because they do not result in a physical change in the environment.

Public Comment

The Planning Department received a letter of support from the Falletti family. In the letter, they described their vision in filling the former Bank of America. One aspect is building Schloks Bagels a production kitchen in the back area of the space, plus including outdoor seating at the former flower shop. Schloks has outgrown their current space and Falletti's is committed to keeping them in the community. Another aspect is renting out the rest of the space to Bitters and Bottles, which sells specialty cocktail ingredients and craft spirits. Falletti Foods will continue to offer beer and wine only, allowing both businesses to complement each other. The property owners also noted they met with the North of the Panhandle Neighborhood Association (NOPNA) and

approximately 40 members in attendance supported the proposed Ordinance. The property owners also collected letters of support from the Divisadero Merchants Association, which cited support in revitalizing Falletti Plaza by allowing Bitters and Bottles to open up at this location. They also applauded Tick Falletti's efforts to keep the neighborhood vibrant. Additionally, Bitters and Bottles shared their excitement at the prospect of opening up in the Divisadero NCT. They expressed their connection to the neighborhood and also the desire to get to the community better.

Attachments:

- Exhibit A: Draft Planning Commission Resolution
- Exhibit B: Board of Supervisors File No. 240263
- Exhibit C: Letters of Support



PLANNING COMMISSION DRAFT RESOLUTION

HEARING DATE: May 23, 2024

Project Name: Divisadero Street Neighborhood Commercial Transit District
Case Number: 2024-002694PCA [Board File No. 240263]
Initiated by: Supervisor Preston / Introduced March 19, 2024
Staff Contact: Veronica Flores, Legislative Affairs
veronica.flores@sfgov.org, 628-652-7525
Reviewed by: Elizabeth Gordon Jonckheer, Principal Planner
elizabeth.gordon-jonckheer@sfgov.org, (628) 652-7365

RESOLUTION APPROVING WITH MODIFICATION A PROPOSED ORDINANCE THAT WOULD AMEND THE PLANNING CODE TO PERMIT LIQUOR STORES IN THE BUILDINGS WITH OFF-STREET PARKING ACCESSED ON BRODERICK STREET WITHIN THE DIVISADERO STREET NEIGHBORHOOD COMMERCIAL TRANSIT DISTRICT; AFFIRMING THE PLANNING DEPARTMENT'S DETERMINATION UNDER THE CALIFORNIA ENVIRONMENTAL QUALITY ACT; AND MAKING PUBLIC NECESSITY, CONVENIENCE, AND WELFARE FINDINGS UNDER PLANNING CODE, SECTION 302, AND FINDINGS OF CONSISTENCY WITH THE GENERAL PLAN, AND THE EIGHT PRIORITY POLICIES OF PLANNING CODE, SECTION 101.1.

WHEREAS, on March 19, 2024 Supervisor Preston introduced a proposed Ordinance under Board of Supervisors (hereinafter "Board") File Number 240263, which would amend the Planning Code to permit liquor stores in the buildings with off-street parking accessed on Broderick Street within the Divisadero Street Neighborhood Commercial Transit District;

WHEREAS, the Planning Commission (hereinafter "Commission") conducted a duly noticed public hearing at a regularly scheduled meeting to consider the proposed Ordinance on May 23, 2024; and,

WHEREAS, the proposed Ordinance has been determined to be categorically exempt from environmental review under the California Environmental Quality Act Sections 15378 and 15060(c)(2); and

WHEREAS, the Planning Commission has heard and considered the testimony presented to it at the public hearing and has further considered written materials and oral testimony presented on behalf of Department staff and other interested parties; and

WHEREAS, all pertinent documents may be found in the files of the Department, as the Custodian of Records, at 49 South Van Ness Avenue, Suite 1400, San Francisco; and

WHEREAS, the Planning Commission has reviewed the proposed Ordinance; and

WHEREAS, the Planning Commission finds from the facts presented that the public necessity, convenience, and general welfare require the proposed amendment; and

MOVED, that the Planning Commission hereby **approves with modifications** the proposed ordinance. The Commission's proposed recommendations are as follows:

1. Amend the Divisadero NCT Zoning Control Table to conditionally permit Liquor Stores on the ground floor.
2. Amend the footnote to specifically cite Assessor Block 1215 Lots 018-089 instead of referencing the existing conditions.

Findings

Having reviewed the materials identified in the preamble above, and having heard all testimony and arguments, this Commission finds, concludes, and determines as follows:

The proposed Ordinance will support an established independent family-run Grocery Store.

The proposed Ordinance will provide more flexibility in filling a vacant storefront.

General Plan Compliance

The proposed Ordinance and the Commission's recommended modifications are consistent with the following Objectives and Policies of the General Plan:

COMMERCE AND INDUSTRY ELEMENT

OBJECTIVE 1

MANAGE ECONOMIC GROWTH AND CHANGE TO ENSURE ENHANCEMENT OF THE TOTAL CITY LIVING AND WORKING ENVIRONMENT.

Policy 1.1

Encourage development which provides substantial net benefits and minimizes undesirable consequences.
Discourage development which has substantial undesirable consequences that cannot be mitigated.

Policy 1.3

Locate commercial and industrial activities according to a generalized commercial and industrial land use plan.

OBJECTIVE 2

MAINTAIN AND ENHANCE A SOUND AND DIVERSE ECONOMIC BASE AND FISCAL STRUCTURE FOR THE CITY.

Policy 2.1

Seek to retain existing commercial and industrial activity and to attract new such activity to the city.

Policy 2.3

Maintain a favorable social and cultural climate in the city in order to enhance its attractiveness as a firm location.

OBJECTIVE 6

MAINTAIN AND STRENGTHEN VIABLE NEIGHBORHOOD COMMERCIAL AREAS EASILY ACCESSIBLE TO CITY RESIDENTS.

Policy 6.1

Ensure and encourage the retention and provision of neighborhood-serving goods and services in the city's neighborhood commercial districts, while recognizing and encouraging diversity among the districts.

The proposed Ordinance supports the Commerce and Industry Element's goals of maintaining and supporting the economic growth of San Francisco. The proposed amendments align with Policy 2.1 by attracting a new business to Falletti's Plaza. Additionally, the expanded Use allowance at the property and additional flexibility helps address storefront vacancies and responds to the Commerce and Industry Element's Objective of maintaining a diverse economic base. The property owner shared that filling the vacancy will increase pedestrian traffic around the plaza and increase visitors for the existing businesses, aligning with Policy 6.1 to retain neighborhood-serving goods and services.

Planning Code Section 101 Findings

The proposed amendments to the Planning Code are consistent with the eight Priority Policies set forth in Section 101.1(b) of the Planning Code in that:

1. That existing neighborhood-serving retail uses be preserved and enhanced and future opportunities for resident employment in and ownership of such businesses enhanced;

The proposed Ordinance would not have a negative effect on neighborhood serving retail uses and will not have a negative effect on opportunities for resident employment in and ownership of neighborhood-serving retail.

2. That existing housing and neighborhood character be conserved and protected in order to preserve the cultural and economic diversity of our neighborhoods;

The proposed Ordinance would not have a negative effect on housing or neighborhood character.

3. That the City's supply of affordable housing be preserved and enhanced;

The proposed Ordinance would not have an adverse effect on the City's supply of affordable housing.

4. That commuter traffic not impede MUNI transit service or overburden our streets or neighborhood parking;

The proposed Ordinance would not result in commuter traffic impeding MUNI transit service or overburdening the streets or neighborhood parking.

5. That a diverse economic base be maintained by protecting our industrial and service sectors from displacement due to commercial office development, and that future opportunities for resident employment and ownership in these sectors be enhanced;

The proposed Ordinance would not cause displacement of the industrial or service sectors due to office development, and future opportunities for resident employment or ownership in these sectors would not be impaired.

6. That the City achieve the greatest possible preparedness to protect against injury and loss of life in an earthquake;

The proposed Ordinance would not have an adverse effect on City's preparedness against injury and loss of life in an earthquake.

7. That the landmarks and historic buildings be preserved;

The proposed Ordinance would not have an adverse effect on the City's Landmarks and historic buildings.

8. That our parks and open space and their access to sunlight and vistas be protected from development;

The proposed Ordinance would not have an adverse effect on the City's parks and open space and their access to sunlight and vistas.

Planning Code Section 302 Findings.

The Planning Commission finds from the facts presented that the public necessity, convenience and general welfare require the proposed amendments to the Planning Code as set forth in Section 302.

NOW THEREFORE BE IT RESOLVED that the Commission hereby APPROVES WITH MODIFICATIONS the proposed Ordinance as described in this Resolution.

I hereby certify that the foregoing Resolution was adopted by the Commission at its meeting on May 23, 2024.

Jonas P. Ionin
Commission Secretary

AYES:

NOES:

ABSENT:

ADOPTED: May 23, 2024

This page intentionally blank.

1 [Planning Code - Divisadero Street Neighborhood Commercial Transit District]

2

3 **Ordinance amending the Planning Code to permit liquor stores in the buildings with**
 4 **off-street parking accessed on Broderick Street within the Divisadero Street**
 5 **Neighborhood Commercial Transit District; affirming the Planning Department's**
 6 **determination under the California Environmental Quality Act; and making public**
 7 **necessity, convenience, and welfare findings under Planning Code, Section 302, and**
 8 **findings of consistency with the General Plan, and the eight priority policies of**
 9 **Planning Code, Section 101.1.**

10 NOTE: **Unchanged Code text and uncodified text** are in plain Arial font.
 11 **Additions to Codes** are in *single-underline italics Times New Roman font*.
 12 **Deletions to Codes** are in *strikethrough italics Times New Roman font*.
 13 **Board amendment additions** are in double-underlined Arial font.
 14 **Board amendment deletions** are in ~~strikethrough Arial font~~.
 15 **Asterisks (* * * *)** indicate the omission of unchanged Code
 16 subsections or parts of tables.

14

15 Be it ordained by the People of the City and County of San Francisco:

16

17 Section 1. Land Use and Environmental Findings.

18

19 (a) The Planning Department has determined that the action contemplated in this
 20 ordinance comply with the California Environmental Quality Act (California Public Resources
 21 Code Sections 21000 et seq.). Said determination is on file with the Clerk of the Board of
 22 Supervisors in File No. ____ and is incorporated herein by reference. The Board affirms this
 23 determination.

23

24 (b) On _____, the Planning Commission, in Resolution No. _____,
 25 adopted findings that the action contemplated in this ordinance are consistent, on balance,
 with the City's General Plan and eight priority policies of Planning Code Section 101.1. The

1 Board adopts these findings as its own. A copy of said Resolution is on file with the Clerk of
2 the Board of Supervisors in File No. _____, and is incorporated herein by reference.

3 (c) Pursuant to Planning Code Section 302, this Board finds that this Planning Code
4 amendment will serve the public necessity, convenience, and welfare for the reasons set forth
5 in Planning Commission Resolution No. _____, and the Board adopts such reasons
6 as its own. A copy of said resolution is on file with the Clerk of the Board of Supervisors in
7 File No. _____ and is incorporated herein by reference.

8
9 Section 2. General Findings.

10 (a) Section 759 of the Planning Code contains controls for the Divisadero Street
11 Neighborhood Commercial Transit District (“Divisadero NCT”). When the district was initially
12 established as the Divisadero Street Neighborhood Commercial District in 2014 by Ordinance
13 No. 227-14 (originally codified in Section 746 of the Planning Code), the district incorporated
14 the controls in Section 783, the Divisadero Street Alcohol Restricted Use District (“RUD”), and
15 then deleted Section 783. The RUD was established in 2004 by Ordinance No. 41-04 and
16 contained strict limitations on alcohol establishments within the district, including a prohibition
17 on new liquor stores.

18 (b) On October 2, 2003, the Planning Commission, in Resolution No. 16672, adopted
19 findings and made recommendations regarding the RUD. The Planning Commission’s
20 recommendations included that the mixed-use development at Fell Street and Broderick
21 Street be exempt from the RUD controls. A copy of said resolution is on file with the Clerk of
22 the Board of Supervisors in File No. 031151 and is incorporated herein by reference.

23 (c) The mixed-use development at Fell Street and Broderick Street is located on the
24 westernmost extension of the Divisadero NCT, the only place where the district borders
25 Broderick Street. It does not contain any frontage along or direct pedestrian access from

1 Divisadero Street. The mixed-use development is also the only development within the
 2 Divisadero NCT that has dedicated off-street parking and pedestrian access from Broderick
 3 Street.

4 (d) As indicated by the Planning Commission’s recommendation 20 years ago to
 5 exempt the mixed-use development at Fell Street and Broderick Street from the controls on
 6 liquor stores in the RUD, the Board of Supervisors finds that allowing new liquor stores at the
 7 buildings within the development will not result in pedestrian or vehicle obstruction along the
 8 Divisadero Street corridor.

9 (e) The Board of Supervisors further finds that changing economic conditions within
 10 the Divisadero NCT, including recovery from the COVID-19 pandemic and the growth of
 11 online retail sales and financing applications replacing traditional brick-and-mortar storefronts,
 12 warrant relaxing the prohibition of liquor stores at this location.

13

14 Section 3. Article 7 of the Planning Code is hereby amended by revising Section 759,
 15 to read as follows:

16 **SEC. 759. DIVISADERO STREET NEIGHBORHOOD COMMERCIAL TRANSIT**
 17 **DISTRICT.**

18 * * * *

19 **Table 759. DIVISADERO STREET NEIGHBORHOOD COMMERCIAL TRANSIT**
 20 **DISTRICT**
 21 **ZONING CONTROL TABLE**

		Divisadero St. NCT		
Zoning Category	§ References	Controls		
		Controls by Story		
		1st	2nd	3rd+

25

* * * *				
NON-RESIDENTIAL STANDARDS AND USES				
* * * *				
Sales and Service Use Category				
* * * *				
Liquor Store	§ 102	NP(5)	NP	NP
* * * *				

* * * *

(5) (a) Liquor Stores are P for the buildings located within the mixed-use development served by off-street parking accessed on Broderick Street between Fell Street and Oak Street.

Otherwise, Liquor Stores are not permitted within the Divisadero Street NCD. Liquor Store uses which become inactive for more than 180 days may not be reestablished. A lawfully existing Liquor Store may relocate within the district with Conditional Use authorization;

* * * *

Section 4. Effective Date. This ordinance shall become effective 30 days after enactment. Enactment occurs when the Mayor signs the ordinance, the Mayor returns the ordinance unsigned or does not sign the ordinance within ten days of receiving it, or the Board of Supervisors overrides the Mayor’s veto of the ordinance.

Section 5. Scope of Ordinance. In enacting this ordinance, the Board of Supervisors intends to amend only those words, phrases, paragraphs, subsections, sections, articles, numbers, punctuation marks, charts, diagrams, or any other constituent parts of the Municipal Code that are explicitly shown in this ordinance as additions, deletions, Board amendment

1 additions, and Board amendment deletions in accordance with the “Note” that appears under
2 the official title of the ordinance.

3

4 APPROVED AS TO FORM:
5 DAVID CHIU, City Attorney

6 By: /s/ Robb Kapla
7 ROBB KAPLA
8 Deputy City Attorney

9 n:\legana\as2024\2400263\01744619.docx

10

11

12

13

14

15

16

17

18

19

20

21

22

23

24

25

This page intentionally blank.

Dear San Francisco Planning Commission

May 1, 2024

I am writing representing the Falletti Family to support the approval of the Divisadero Street Neighborhood Commercial Transit District Amendment

SUMMARY:

Falletti Foods was founded in San Francisco in 1941. Our family grocery store, at two locations, has served The Panhandle and the Western Addition neighborhood since 1956. In 2004 the Divisadero Restricted Use District was established. Falletti Plaza was supposedly exempt, but when we prepared to open, we had to receive the Board of Supervisors permission to sell beer and wine. Since Falletti Plaza opened in 2006 with independent businesses like Falletti's, Nopalito, RT Rotisserie and Schloks we have helped revitalize the Divisadero Area. The City established the Divisadero Transit District in 2014. The Planning Commission Staff suggested that Falletti Plaza be excluded from the restricted alcohol provisions, but it was not excluded. We along with Supervisor Preston and with neighborhood support are asking for this clarification so we can add another small business. Bitters and Bottles is not a corner liquor store but rather a purveyor of specialty and unique spirits. This action will allow Falletti Plaza to be whole and competitive.

HISTORY:

Falletti Foods was founded in 1941 at 32nd Avenue and Clement by my father Jim and uncle Lou. In 1956 we became part of Petrini Plaza at the corner of Fulton and Masonic. We operated the grocery and produce department along with 9 other independent concessions (meat, fish & poultry, liquor, deli bakery, shoe repair, drug store, café). During our 45 years of being arguably the best Food Marketplace in the City we helped improve what had been considered a questionable neighborhood.

We all lost our leases in 2000 for the construction of Lucky's store and housing. With neighborhood support (Future of the Plaza Coalition) we were able to make an offer to buy the Bank of America property on Broderick between Fell and Oak. Two years later B of A accepted our offer. Neighborhood Groups & The Bicycle Coalition all support us for a mixed-use development including Falletti Plaza and affordable housing. Along with our partner we received unanimous Planning Department approval. Before we could open our grocery store it required the Board of Supervisors to state we would be an improvement to the neighborhood (Matt Gonzalez letter). Matt Gonzalez letter stated "A Restricted Use District was created earlier this year to regulate off-sale liquor licenses in the lower Divisadero corridor, that legislation excluded this pre-existing project". Our property was excluded from the alcohol restrictions in 2004. In 2014 when the Transit District was created Planning Staff suggested our center be once again excluded. Falletti Plaza unfortunately was included in the final document.

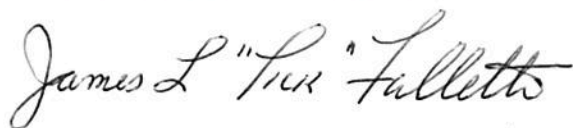
As we promised the neighborhood groups, in 2006 Falletti Plaza opened a smaller version of Petrini Plaza with 5 independent businesses (Falletti's, Delessio, Nopalito Acme Floral and Fell Depot cleaners) along with the B of A and Peet's. In 2015 Falletti Plaza lost Delessio and replaced them with RT Rotisserie, let by Michelin Chef Evan Rich. In 2020 the pandemic hit and there were dramatic changes to all our lives. The cleaners closed. No one had their clothes cleaned as they worked from home. Acme flowers saw a large increase in sales and moved to a larger location. We brought in Schloks Bagels. The Bank of America closed to customers but remained open for safe deposit access and retained their ATM's. For almost three years they told us they would reopen soon. Then on November 30, 2023, they closed permanently.

TODAY:

The Bank of America space became available. Schloks has outgrown its facility. We are building them a production kitchen in the back area of the bank facility. They are opening the old flower shop as a storefront for pastries with seating. We are hoping to bring in another small independent operator into the customer portion of the bank building. Bitters and Bottles is a purveyor of specialty and unique Spirits (Joe Barwin Letter). B and B is not a typical corner liquor store. B and B will carry hard to find cocktail ingredients and craft spirits, but no beer or wine. Falletti Foods will continue to offer beer and wine only. This will create a complete offering that complements but does not compete. For B and B to join us we once again must first address the fact that Falletti Plaza is still included in the Divisadero Restricted Alcohol District.

Supervisor Preston and the City's Attorney's office has written this ordinance that will reinstate the changes the Planning Staff suggested. We have met with the North of the Panhandle Neighborhood Association or NOPNA. The 40 members who attended responses were enthusiastic and positive. There were no negative comments (NOPNA VP support letter). We also have the support of Divisadero Merchants Association's President (DMA support letter). We would appreciate your help to allow Falletti Plaza to be whole and competitive.

Thank you for your consideration.

A handwritten signature in cursive script that reads "James L. 'Tick' Falletti". The signature is written in black ink and is positioned above the printed name.

James L. "Tick" Falletti

Future of the Plaza Coalition

1646 Grove Street
San Francisco, CA 94117

12 January 1999

To whom it may concern:

The Future of the Plaza Coalition welcomes the possibility that Falletti Foods will be able to remain in our neighborhood, and supports their efforts to find a new home.

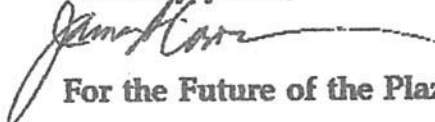
The Future of the Plaza Coalition was organized early in 1998 with the original purpose of "saving Falletti's." We worked closely with Falletti manager Alan Miloslavich, and helped draft and design the "Keep Falletti's In the Neighborhood" poster and survey cards currently displayed at the kiosk in the market. These have generated over 1300 signatures in support of Falletti Foods remaining in the neighborhood.

When it became clear that Falletti Foods could not remain at the current Fulton-Masonic site, the Coalition shifted its focus to concentrate on ensuring that the proposed development at the site would enhance, not degrade, the quality of life in the neighborhood. At our first neighborhood meeting on August 6, 1998, Mr. Tick Falletti explained Falletti's situation to the 150 neighbors present: Falletti's would not be part of the new project, but would seek another location.

We have spent countless hours studying the new project, developing priorities, drafting documents, establishing a position on the Conditional Use application, and communicating with the developers, the proposed new tenants, the city Planning Department, and the neighborhood. We have explained our efforts at three neighborhood meetings held between October 6 and December 2, attended by a total of 100 or so interested neighbors, as well as at meetings of the North of Panhandle Neighborhood Association. We believe that our responsible approach to the Fulton-Masonic project, focusing on specifics, has the support of most people in the neighborhood, and has gained us respect and credibility with the Planning Department.

We have indicated many times in the past that we support Falletti's efforts to relocate and remain in the neighborhood. Now that there is a concrete opportunity for this to happen, we renew our support.

Sincerely yours,



For the Future of the Plaza Coalition



MATT GONZALEZ

November 3, 2004

Dear City Services Committee Members:

I am writing in support of the liquor license transfer for Falletti and Baldocchi Finer Foods from their location on McAllister Street to their new location at Broderick and Oak Streets. The scope, location, and recent history of the project make it a valuable addition to both the neighborhood and District Five, and the project sponsors have consistently demonstrated concern for and responsibility to the vitality of the area.

The Falletti family has nearly a half-century of experience operating a neighborhood grocery in the district, formerly located a short five blocks from the site of the current project. When the old grocery store was forced to close to make room for a new development at Fulton Street and Masonic Avenue, there was considerable neighborhood concern (including over 3,000 petitions) for keeping this type of business local. Since the earliest stages of the new project, the Falettis have demonstrated good business practices and responsibility to neighbors and stakeholders. They have met personally and maintained lines of communication with neighborhood groups to address concerns and suggestions for retail space and parking, resulting in greater neighborhood satisfaction with the proposed retail tenants as well as designated spots for the City Car Share program. Additionally, the developer has made financial donations to renovate an historic property next door to the project and to improve traffic safety at the nearest intersection.

Their negotiations with five surrounding neighborhood groups included, as a condition of approval, a grocery store with up to 2,000 feet of off-site beer and wine sales. The project sponsor maintains that the off-sale beer and wine sales are an integral part of the marketplace concept and the project neighbors have agreed that such use is both beneficial and necessary. As you know, a Restricted Use District was created earlier this year to regulate off-sale liquor licenses in the lower Divisadero corridor; that legislation excluded this pre-existing project.

This project, with off-sale wine and beer among other uses, represents a positive growth for the neighborhood and the district, offering needed housing, retail, parking, banking, and quality food options. There are no other high-quality, comprehensive, independently-owned markets within a one-mile radius. Additionally, the project is well located at the nucleus of four densely-populated residential


neighborhoods and two east-west arteries, allowing for maximum benefit for residents all over the district and the city.

I hope you will consider these remarks along with the recommendations of Park Station and the Vice Crimes Division and approve the transfer of the liquor license.

Sincerely,

A handwritten signature in black ink, appearing to read "Matt Gonzalez". The signature is stylized and cursive.

Matt Gonzalez

A long, horizontal handwritten signature in black ink, appearing to read "Matt Gonzalez". The signature is stylized and cursive.



Hi!

Bitters & Bottles was opened as a new kind of shop, one that is obsessed with those hard-to-find cocktail ingredients and craft spirits – items that you can't find at a BevMo or Total Wine. And while we are a neighborhood shop, much smaller than those chain stores, our focus on spirits helps us offer a large selection, one that is unique from existing beer and wine retailers. We love to highlight small and diverse producers, emerging categories like Amaro and Alcohol-Free Spirits, and the books and bar tools for putting them to good use.

We opened in 2013, founded by Joe Barwin and Meredith Lantz, two SF residents and longtime retailers who met working at Levi's. Our assortment has helped garner a strong following for our online store (we ship everywhere within California), but our retail hearts beat for in-person shopping – and we are thrilled about the opportunity to join the NOPA neighborhood at Falletti Plaza.

After ten years, we know how challenging running a small business is - and how much stronger they are together. The Divisadero corridor has been a favorite for a very long time (Meredith lived on McAllister back then, so we met at Nopalito years ago when we were celebrating our decision to start B&B!) We are really excited to get to know the people behind so many great local institutions, and as a business that counts many Bay Area foodies amongst its customers, we are looking forward to them getting to know the neighborhood better as well.

Sincerely,
Joe Barwin

April 30, 2024

Dear Planning Department,

I am writing to express my strong support for the revitalization of Falletti Plaza, located on Broderick between Fell and Oak Streets, which will include adding Bitters and Bottles and the expansion of Schloks among other improvements.

As a long-time neighbor living in the area and a customer of Falletti's, I can testify that the Falletti family has been an excellent neighbor and business for decades. The Falletti's, led by Tick Falletti, have consistently given back to our neighborhood through donations and listening to what the neighbors want and need.

Most recently, Tick Falletti came to a NOPNA neighborhood meeting where he presented the expansion plans. He spent time explaining the details and there was overwhelming support for the new plans. Neighbors expressed gratitude for all the Falletti's have done to help keep our neighborhood vibrant. In addition, while I am not speaking for the neighborhood association (NOPNA) because we have not had a chance to vote on a resolution of support, I can state that the board has reviewed the plans and there were no objections raised to the revitalization plans.

As a neighbor, I hope you approve these plans, so Falletti Plaza continues to grow and support our residents.

Sincerely,



Leela Gili

Leelagil1@gmail.com

415-806-6282

VP of NOPNA (nopna.org)

Kittrick Mann

March 22, 2024

President Divisadero Merchants Association

We are in the process of revisioning the empty B of A space and the surrounding area to create a new, more vibrant Falletti Plaza. Our plan is to:

Expand Schloks capabilities including transforming the old flowers shop into a store front with outside seating.

We are working with the B of A to return an ATM machine to the property.

Bitters and Bottles, a purveyor of specialty spirits intends to move into the Broderick portion of the building including a new entrance on the corner. Joe Barwin and his partner, San Francisco residents and small business owners, have written the attached statement explaining their plans and experience.

To allow B and B into our location we need to correct an error in an outdated 2004 ordinance that included our block in the Divisadero Restricted Use District. Supervisor Preston and his staff, with the assistance of the City Attorney's office, has initiated the needed Ordinance modification. See Attached. It was introduced to the Board of Supervisors on Tuesday March 19, 2024. The revised Ordinance will now be processed through the Board of Supervisors, Planning and the Mayor's Office.

We are requesting your support for revitalizing Falletti Plaza to include Bitters and Bottles as we process through City Planning, the Board of Supervisors and Mayor's review. These are challenging times for Brick and Morter Retail in San Francisco with many vacant storefronts. We hope you will support us.



Tick Falletti

We support the new vision of Falletti Plaza:



Kittrick Mann

3/25/24