



SAN FRANCISCO PLANNING DEPARTMENT

June 21, 2017

Ms. Angela Calvillo, Clerk
Honorable Supervisor Hillary Ronen
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 Report in Response to Board File 150284:
Interim Prohibition on Commercial Mergers in the Proposed Calle 24 Special
Use District**

Dear Ms. Calvillo and Supervisor Ronen,

On September 22, 2016 Mayor Edwin M. Lee signed Ordinance No. 182-165, enacting the Urgency Ordinance approving an extension of the interim prohibition on commercial storefront mergers of greater than 799 gross square feet in the proposed Calle 24 Special Use District, which generally includes all lots bounded by 22nd Street, Potrero Avenue, Cesar Chavez Street, Capp Street, and both sides of 24th Street from Capp Street to Bartlett Street, as well as certain additional adjacent lots.

State law on the adoption of interim moratoria, California Government Code Section 65858 et. seq., requires the Board of Supervisors to adopt a written report describing the measures taken to alleviate the conditions that led to the adoption of the Ordinance. Please find the attached report in response to State law for the Board's consideration.

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 "A. Starr".

Aaron D. Starr

Aaron D. Starr
Manager of Legislative Affairs

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Transmittal Materials

**CASE NO. 2014.1425U
Interim Prohibition on Commercial Mergers in the
Proposed Calle 24 Special Use District**

cc:

Marlena Byrne, Deputy City Attorney
Carolyn Goosen, Aide to Supervisor Ronen
Alisa Somera, Office of the Clerk of the Board

Attachments:

Planning Department Report



SAN FRANCISCO PLANNING DEPARTMENT

Planning Department Report

Date: June 21, 2017
Report Name: Interim Prohibition Extension on Commercial Mergers in the Proposed Calle 24 Special Use District
Case No.: 2014.1425U
Initiated by: Mayor Edwin M. Lee and Supervisor David Campos [Board File 160788]
Staff Contact: Diego R Sánchez, Legislative Analyst
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Reviewed by: Aaron Starr, Manager of Legislative Affairs
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STATEMENT OF PURPOSE

This report was prepared in response to an Ordinance (BF 160788) introduced by Mayor Edwin M. Lee and Supervisor David Campos on July 12, 2016 and enacted into law on September 22, 2016 (Ordinance No. 182-16). This Ordinance extended interim zoning controls that prohibit the Planning Department or the Planning Commission from issuing an approval or authorization of any merger of ground floor commercial use space where the merger would result in ground floor commercial use space greater than 799 gross square feet in the Calle 24 Special Use District (Calle 24 SUD). This extended prohibition was in effect until April 30, 2017, at which point permanent controls were effective.

The Calle 24 SUD encompasses the area bounded by all lots fronting the southern side of 22nd Street from Mission Street to Potrero Avenue; all lots fronting the western side of Potrero Avenue from 22nd Street to Cesar Chavez Street; all lots fronting the northern side of Cesar Chavez Street, from Potrero Avenue to Capp Street; all lots fronting the western side of Capp Street from Cesar Chavez to 24th Street, then all lots fronting both sides of 24th Street to the eastern side of Bartlett Street, then all lots fronting the western side of Capp Street from 24th Street to 22nd Street. The Calle 24 SUD also includes the following lots outside of the boundaries listed above: Lots 019D and 046A in Assessor's Block 3637; Lots 005 and 017A in Assessor's Block 6517; Lot 035 in Assessor's Block 6528; and Lot 003A in Assessor's Block 6570.

The Ordinance directs the Planning Department to submit a written report to the Clerk of the Board. The report should describe the measures taken to alleviate the conditions that led to the adoption of the ordinance. Upon receipt of the report, the Ordinance directs the Clerk of the Board to calendar a motion for the full Board of Supervisors (Board) to consider and approve this report.

BACKGROUND

This Ordinance was introduced as part of the Calle 24 planning process underway within the Mission District's 24th Street commercial corridor. In May 2014 the Board of Supervisors unanimously approved establishment of the Calle 24 Latino Cultural District (Board Resolution No. 168-14). One aim of the Calle 24 Latino Cultural District is to recognize the 24th Street

corridor, broadly defined as the area encompassed by Cesar Chavez Street to the south, 22nd Street to the north, Potrero Avenue to the east and Capp Street to the west, as the center of Latino culture and commerce, and 24th Street as a special place for the City's residents and tourists worthy of enhancement. The Calle 24 Latino Cultural District also envisioned a forthcoming Calle 24 SUD encompassing the 24th Street corridor.

As part of the Calle 24 Latino Cultural District effort, the City awarded a grant to two community groups, the Brava Theater and the Lower 24th Street Neighbors and Merchants Association, to lead a community planning process. The process focused on gathering community input regarding current concerns about the 24th Street corridor. It also sought to define the corridor's boundaries and develop land use, economic development and community development strategies to stabilize and enhance the corridor's businesses and overall character.

The planning process identified the corridor's boundaries as being very similar to those found in the Calle 24 Latino Cultural District. It also envisioned a special use district as a means to address land use concerns within the corridor.

The planning process found the loss of small, affordable retail spaces as a salient concern in the corridor. These retail spaces serve many functions. They provide financially accessible spaces for local entrepreneurs and relevant goods and services to neighborhood residents. These spaces also create a diverse commercial offering, lending character and appeal to the 24th Street corridor.

Existing land use controls allow the merger of multiple commercial spaces, including these smaller retail spaces, into larger and fewer spaces. In the context of an economic boom, and given said controls on commercial space mergers, these smaller retail spaces were found to be particularly susceptible to loss. To address this, Supervisor Campos and the Mayor's Office introduced Ordinance 133-15, a 45-day prohibition preventing the Planning Department or the Planning Commission from issuing an approval or authorization for the merger of ground floor commercial use space where the merger would result in ground floor commercial use space greater than 799 gross square feet in the Calle 24 SUD. The following projects are exempt from the prohibition:

- (1) Projects subject to a development agreement under Administrative Code Chapter 56 and California Government Code Sections 65864 et seq.;
- (2) Projects that have submitted an environmental evaluation case to the Planning Department on or before June 2, 2015; and
- (3) Projects that received a Planning Commission approval on or before June 2, 2015.

The prohibition intended to provide stability to the neighborhood while long term land use strategies are developed through the Calle 24 planning process. However, the 45 day period was recognized as too short a duration to allow for the development of long term strategies. Ordinance 199-15 was enacted to extend the prohibition an additional 10 months and 15 days from the termination of the original Ordinance. Ordinance 182-16 extended the prohibition for another 12 months or until permanent controls to address commercial mergers were adopted. This extended time period allowed for the proper development of land use strategies through the Calle 24 planning process.

On April 30, 2017, the Calle 24 SUD became effective. It requires Conditional Use authorization for the merger of ground floor commercial use space where the merger would result in ground floor commercial use space greater than 799 gross square feet. It also requires the Planning Commission to find this type of merger compatible with four of the six purposes for establishing the Calle 24 SUD.

REQUIRED BOARD ACTION

The Board may approve or disapprove this report.

ENVIRONMENTAL REVIEW

This Report was determined not to be a project per State CEQA Guidelines, Sections 15378 and 15060(c)(2), because it does not result in a physical change to the environment.

RECOMMENDATION

The Planning Department is recommending that the issues outlined in the subject Ordinance be recognized as having been addressed through the Calle 24 SUD.

BASIS FOR RECOMMENDATION

The Calle 24 SUD is the end result of the Calle 24 planning process. This process involved 24th Street merchants, neighborhood residents and City staff in the identification of corridor concerns. The land use regulations in the Calle 24 SUD were reviewed and favorably recommended by the Planning Commission and the Board of Supervisor's Land Use and Transportation Committee. On March 21, 2017 the Board of Supervisors adopted the Ordinance creating the Calle 24 SUD.