



SMALL BUSINESS COMMISSION
OFFICE OF SMALL BUSINESS



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

July 24, 2013

Ms. Angela Calvillo, Clerk of the Board
Board of Supervisors
City Hall room 244
1 Carlton B. Goodlett Place
San Francisco, CA 94102-4694

**File No. 130486 [Planning Code - Formula Retail Use for Hayes-Gough Neighborhood
Commercial Transit District]**

Small Business Commission Recommendation: **Approval**

Dear Ms. Calvillo:

On July 22, 2013 the Small Business Commission (SBC) voted 6-0 to recommend approval of BOS File No. 130486.

The Commission heard in person and written testimony from merchants and residents from the Hayes Gough NCT who demonstrated that the characteristics of the NCT warranted this special definition of formula retail for the neighborhood. As a district that has a distinct non chain character, and has been transformed over the past decade into an international destination. A draw to the district is this no chain character, as shoppers are drawn to the unique stores and restaurants that the neighborhood offers.

Recently, international retailers have begun to show an interest in the NCT. Just as an influx of national retailers can contribute to the homogenization of a retail district, an influx of international retailers could have a similar effect. The Commission finds that extending the definition to include 11 or more international stores is necessary to keep the character of the neighborhood intact and for small independent businesses to remain competitive.

Regarding subsidiary companies, the Commission finds that there is a concern over subsidiary formula retail businesses. Subsidiary companies often are wholly or partly owned by large formula retailers and are well informed of San Francisco's formula retail regulations. Therefore, are more likely to open one of their first U.S. locations in San Francisco to avoid the additional time and cost of the formula retail conditional use process. This is an unintended loophole, of which the Commission agrees to close for Hayes Valley but warrants further consideration as part of upcoming city-wide formula retail discussions.

The Commission continues to maintain a preference for requiring Conditional Use Authorization for formula retail controls versus total bans, however this statement is only intended as general guidance for future discussions and the Commission understands that there is no discussion on repealing or amending the current ban in the Hayes Gough NCT.



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The SBC thanks Supervisor Breed for working with her neighborhood constituents. The Commission appreciated hearing testimony from both merchants and residents. The Commission hopes that with these increased controls, the NCT will continue to thrive and develop in a positive manor.

Sincerely,

A handwritten signature in black ink, which appears to read "Regina Dick-Endrizzi". The signature is written in a cursive, flowing style.

Regina Dick-Endrizzi
Director, Office of Small Business

Cc: Supervisor Breed
Jason Elliott, Mayor's Office
Aaron Star, Planning Department Staff