

NEWSLETTER, TODAY'S MISSION

Non profit developer opposes mom and pop store's plan for beer and wine





Paul Miller and Debbie Horn inside of their Royal Cuckoo Market at 3368 19th St. Photo by Laura Waxmann

At a public meeting Wednesday night, a nonprofit dedicated to promoting small businesses demanded that a mom and pop grocery and liquor store drop its application for a wine and beer license.

"The onsite liquor service is the issue," said Gabriel Medina, the policy manager for the Mission Economic Development Agency, which is opposing the application.

The nonprofit agency has been at the forefront of developing affordable housing and fighting the neighborhood's rampant gentrification. In the latter, it has sought to protect small, locally owned-businesses from displacement, and some at Wednesday's meeting wondered why it was going after the Royal Cuckoo Market at 3368 19th St. and its owners, Paul Miller and Debbie Horn, who live around the corner.

"Here you have the ideal Mission place – local people are being hired, local people own it. Most people who work here are bilingual," said Chris Seibert, a Mission resident and local musician. "It's like cutting the legs out below the actual local people by taking away something that's going to help them do all the other good things they do."

Medina told the 20 or so people assembled for the meeting that he opposed the market's application to convert the retail market to include a restaurant – a step that is necessary to serve wine and beer.

Anywhere else in the city, such a change is straightforward, but Medina said converting to a restaurant overstepped the intentions of the Mission Action Plan 2020 and the Mission 2016 Interim Controls.

Both are aimed at slowing or reversing gentrification. The first focuses primarily on affordable housing and retaining production, distribution and repair space that serves light industry. The <u>Mission 2016 Interim</u> <u>Controls</u>, which were adopted and extended by the Planning Commission on March 2, increase the oversight for business and housing changes within the Mission while the Mission Action Plan 2020 is being established.

The controls require, for example, any business applying for a change of use to go through the Conditional Use authorization process, which requires community meetings, outreach and a hearing before the Planning Commission.

These controls are temporary and are "a way for MAP 2020 to finalize policies that basically prevent business displacements," explained Medina.

Most at the meeting, however, were unaware of the legal tenets and were there to support the neighborhood store.

"What you're trying to do is not only judge a book by its cover but you're trying to paste your own cover on it first and then judge it," said the man who identified himself as a carpenter and longtime Mission

resident. "You guys want to pick on these guys? It's ridiculous – there's all these yuppies coming in around here... You're just projecting on these local people and placing your narrative on them."

Miller and Horn worked in the Mission's service industry for 30 years and began their own business in 2010 with the first Royal Cuckoo, a full bar at 3202 Mission St.

They leased the space at 19th Street after the owner of a Salvadoran specialty market and liquor store, El Salvadoreño, retired in 2014.

Miller and Horn argued that they were not informed about the new policies in the Mission Action Plan 2020 and the Interim Controls. In fact, in October 2016, the Planning Department approved their eligibility for a beer and wine license without requiring the restaurant conversion or a conditional use hearing. A spokesperson for the Planning Department did not immediately return requests for comment.

"They told us, 'you're fine, you're already serving food.' And we were like, 'Okay, we don't have to do anything?" said Horn, about the Planning Department.

However, a month later they were told that the approval was a mistake and the department had received two complaints about an "illegal bar." It is unclear who made the complaints.

The Planning Department told the couple they would have to reapply, asking the city for a change of use permit that would allow a restaurant and thereby a wine and beer license. In the meantime, they are allowed to keep serving beer and wine as they have <u>since late last year</u>.

In an effort to comply, Horn and Miller have started the change of use process but are now facing opposition from the Mission Economic Development Agency.

"Now we are in a funky pickle," said Horn.

With local markets impacted by e-commerce and delivery services, Miller and Horn struggled on 19th Street and said they intended to stabilize the small grocery and liquor store by creating a small counter area where they serve simple dishes, coffee and beer and wine.

The market and bar operates during the day and closes by 10 p.m. on weekdays and 11 p.m. on weekends.

Wednesday's public meeting was one of the required steps to get a change of use permit.

At the meeting neighbors, family members and supporters filed into the 750 square foot sliver of a space to speak in support of what they called a "neighborhood gem."

"They provide a service for me that I can't afford anywhere else," said Marvin, a Mission resident of 50 years. "I can come and get a cup of coffee and sit here and shoot the bull for half an hour for a dollar and a quarter. I feel welcomed here. Other businesses, they don't welcome me, income wise."

Medina suggested that Marvin visit a Chinese Bakery on Mission Street where the coffee is also cheap.

"But there's a difference between cheap coffee and crap coffee," said Marvin. "I've been to the bakery and they serve their coffee cold."



Gabriel Medina (left) speaks with supporters and an opponent of the Royal Cuckoo Market. Photo by Laura Waxmann

Despite the clear support among those who attended the meeting, Medina remained insistent that the couple's plans of legitimizing their license by converting their retail space to a restaurant fails to comply with the

community standards developed by MEDA and other community groups under MAP 2020.

One supporter pointed out that the couple had been "caught in a transitional moment in policy."

Medina acknowledged that the couple did not act in bad faith in the first place, but that applying for the permit now would be "out of compliance" with the interim controls.

"Planning gave you guys wrong information and I'm very disappointed," he said.

Medina asked the couple to instead work with MEDA to establish a business plan that does not include an alcohol license. The organization provides technical assistance, lease negotiations, and has a low-interest loan fund for businesses, he said.

"Our failure is if you shutter. Our failure is if we do not enforce the community standards," he said.

Medina said that retail spaces rent for less than restaurants that serve beer and wine. Once a space is converted — even though the Royal Cuckoo is retaining the retail grocery — "the landlord is going to charge [the next tenant] a lot more rent," Medina said.

Since 2000, some 40 percent of retail businesses – many small, locally and Latino owned – have been pushed out of the traditionally Latino neighborhood, Medina added.

"While we celebrate the Royal Cuckoo bringing their culture and residency to the area, we have to balance what the 30 percent poverty population that lives here [needs]," said Medina in an interview after the meeting.

Peter Papadopoulos, of the Cultural Action Network, was also present at the hearing and pointed to several retail spaces along Mission Street that have been subject to restaurant conversions.

A brewpub restaurant has applied for approval to open a block over, at 2243 Mission St., replacing a recently demolished furniture store.

"The entire area is moving toward nightlife destination. Destination areas are different than community serving. The Mission Street corridor is our family corridor – it's home to lots of Asian and Latino mom and pops shops," said Papadopoulos. "When you start giving up ground from retail to bars, restaurants, brewpubs – even the city acknowledges that it almost never goes back. It's only a one way direction towards a destination nightlife environment, and that doesn't match our most vulnerable residents."

But supporters of the market wondered if the protections set forth by the community advocates were actually victimizing the exact businesses that they are meant to protect.

"Right now we are looking at some people who have been living in the Mission for decades, who have a thriving business, who are surviving within this juggernaut of outside individuals and businesses that are coming in and destroying the culture that we had here for such a long time," said Philemon Abraham, a resident of the Mission and frequent patron. "It seems to me that the people who you are trying to protect are right here, the people who own this business."

Miller and Horn said that losing the right to serve beer and wine could mean the end of their business.

Supporters pointed out that the Royal Cuckoo is neither a fancy restaurant nor a bar. Its eight wooden barstools and largely bilingual staff have made it a welcoming respite for many on the bar-studded block of 19th street.

Regardless, Medina was adamant.

"What happened on Valencia, just to be very clear – most of the retail there was evicted and we had a lot of fancy restaurants and bars that came in," he said. He added that because the market is already a licensed liquor store, its owners could sell that license and transfer it to another Mission location while keeping the restaurant permit at the market.

But the Royal Cuckoo Market's proprietors say that "flipping" their space or even nixing its retail component is not part of their plan.

"We are keeping our retail," said Horn. "We are obviously not running this business to make a ton of money."

"It's hard to make it as retail," she added.

In a recent change of use permit on <u>Valencia Street at Amado's</u>, the owner was able to get an application for restaurant space and a bar approved by agreeing to keep 700 square feet of retail at the front of his business.

Such a defined retail space could provide a roadmap to a solution at the Royal Cuckoo. For now, Royal Cuckoo's owners have agreed to a mediation meeting with MEDA in the coming weeks. Following the mediation, a hearing will be set in front of the Planning Commission.



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TODAY'S MISSION

Laundré owner shaken after private meeting with Mission community groups





Photo by Julian Mark

More than a dozen community members turned out Tuesday evening to support a proposal from Laundré, the white-walled laundromat-cafe on 20th and Mission, to add beer and wine to its menu. None of the community members in attendance could think of any potential problems with the establishment selling beer and wine until closing time at 10 p.m.

Still, the owner and her supporters fear that opposition is lying in wait.

Just hours before the public meeting, seven members of the neighborhood coalition United To Save the Mission — including Peter Papadopoulos, a Mission Economic Development Agency employee — met privately with Laundré's owner, Ariana Roviello, her partner Peter Smith, and their permit expediter, Mark Rennie. Larisa Petroncelli, co-owner of Factory 1 Design, and Erick Arguello of Calle 24 were also present at the meeting, representing the coalition.

At that meeting, the coalition laid out several requirements Laundré needs to fulfill to gain its cooperation. Roviello said the meeting was intimidating, an hour-long "roast" focused on what was wrong with her business: its lack of Spanish-language signage in the cafe area and the overall decor — especially the white paint (more on that later).

Roviello said the group tried to convince her not to pursue the license until an agreement was reached.

When the coalition referred to a memorandum of understanding (MOU) that Roviello would need to sign, her three-member team signaled an unwillingness to put pen to paper. They requested time to carefully review the terms of the document. "That's when things got frazzled," she said.

When Roviello then asked for the MOU's specifics, Papadopoulos refused to show it to her and said, "'It's what we've discussed and a couple other things," Roviello remembers him saying. When she asked what the "other things" were, he declined to tell her, she said.

Papadopoulos said later in a telephone interview with Mission Local that he "tried to explain that there are no other substantive issues that are in the MOU and that the only remaining items were things pertaining to the MOU itself."

He said he and other members did not leave the MOU because it was only a sample and that he never intended for Roviello to sign the MOU that day.

"We thought of its potential to be intimidating, to seem like a big piece of writing, when it's only a model sample and it's a lot of language and we prefer to work collaboratively and sit in a room and talk through

these issues," he said.

The public meeting later that night was one of the requirements before the Planning Commission takes a vote on Laundré's change-of-use to a full-service restaurant that would allow it to obtain the beer and wine license. Papadopoulos and others from the group did not attend that meeting.

Papadopoulos told Mission Local he had other meetings to attend, but he added, "If we aren't able to reach an agreement, it will be very disappointing. And at that point, community groups will meet and have another discussion about what they want to do."

The MOU is not part of the city's formal planning process and it is unclear what role it serves. A city planner, who asked not to be identified, said it was a way for community groups to protect the neighborhood.

Other Mission establishments said they have had similar encounters with Papadopoulos and United to Save the Mission. One MOU shared with Mission Local would allow a representative from "community groups" — which are not specified in the written agreement — to "ask for and receive an annual summary of gross receipts" verifying that more than half of the business was revenue derived from selling food as opposed to beer and wine.

That MOU would essentially award the groups the right to look through the business's books. It would also restrict the business from hosting private parties, and from selling its liquor license while in operation.

For his part, Papadopoulos said, the organization felt a need to protect vulnerable residents.

"The goal is to make sure community groups and businesses are working together to create healthy outcomes for the neighborhood in this gentrification crisis," he said. "Most often, these things turn out well and they're helpful for the business."

He said that it wasn't determined if the coalition would oppose Laundré's proposal. "This space is already doing important things: They are already doing some local hire, one of walls in the laundromat area has instructions translated into Spanish, and the washing machines are also translated into Spanish," he said. "In the laundromat area, they have done a good job of making folks welcome."

Roviello said the coalition asked that more Spanish-language signs be posted in the cafe portion of the restaurant and on Laundre's menus. They also asked that the establishment's appearance be more inviting: namely that Roviello change the color of her walls.

Papadopoulos told Mission Local that the white walls signal a certain "exclusivity" that could deter families from entering. Papadopulos said, generally, the group also asks businesses to keep prices lower on certain items.

Roviello remains confused and frustrated: "It feels like they want to oppose us, and I guess I don't really know the reason," she said.

In the absence of opposition at Tuesday night's community meeting, the gathering felt more like a group preparing for a battle. We need "bodies at the Planning Commission," Rennie, the permit expediter said. "Especially if we're going to be opposed by local groups."

Some supporters at the meeting sympathized with Roviello's situation of being caught between the clout of community groups and the needs of her business.

Shawna Lee, once the owner of the Valencia Street nightclub Amnesia, understood Roviello's predicament and offered advice.

"It's the groundwork that's the most important — because MEDA (the Mission Economic Development Agency) has a lot of power," she said, and advised that Laundré build a base of community support. "Sometimes if the [commissioners] don't hear from us directly — the people from the neighborhood — they'll just go by the organizations' assessment."

Roviello said serving beer and wine had always been a subset of her business plan, but after a year it became increasingly clear she would need an additional revenue stream to stay afloat and keep the laundromat services affordable. "The utilities are astronomical and the water bill is crazy," she said. "That coupled with cost of labor — it's a lot."

She added that, per city instruction, she notified nearly 1,200 residents about the meeting and only a handful showed up — all supporters. "We're playing by the rule book," she said.

She and others are unclear as to how any MOUs with an outside organization are reflected in the city's rules.

Debbie Horn and Paul Miller, the owners of the Royal Cuckoo bar at Mission and Valencia streets — as well as a market on 19th Street — were also present at Tuesday night's meeting.

Horn and Miller met similar opposition from the Mission Economic Development Agency in their bid to serve beer and wine at their 19th Street market. The nonprofit's argument was that Horn and Miller, both longtime

residents of the neighborhood, would be complicit in further gentrifying it. At a 2017 community meeting concerning their license, however, the representative from MEDA found himself in the minority.

At Tuesday's meeting, Horn said that Laundré also appeared to have local support. She pointed out that a lot of working families who use the laundromat have told her they wanted to be at the meeting to show their support, but had to work. "They all wanted to be here," she said. "And there are a lot of them."



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