

LEGISLATIVE DIGEST

[Planning Code - Definition of Formula Retail Use for Upper Fillmore Street Neighborhood Commercial District D]

Ordinance amending the Planning Code, Section 703.3, to expand the definition of formula retail uses in the Upper Fillmore Street Neighborhood Commercial District; and making environmental findings, Planning Code, Section 302, findings, and findings of consistency with the General Plan and the priority policies of Planning Code, Section 101.1.

Existing Law

Formula Retail uses require conditional use authorization in the Upper Fillmore Street Neighborhood Commercial District. Restaurants and Limited Restaurants that are also formula retail uses are not permitted in the Upper Fillmore Street Neighborhood Commercial District. Formula Retail is defined as a type of retail sales activity or retail sales establishment which, along with eleven or more other retail sales establishments located in the United States, maintains two or more of the following features: a standardized array of merchandise, a standardized facade, a standardized decor and color scheme, a uniform apparel, standardized signage, a trademark or a servicemark.

Amendments to Current Law

The legislation proposes to modify the definition of formula retail for the Upper Fillmore Street NCD, to include formula retail that is a type of retail sales activity or retail sales establishment and has eleven or more other retail sales establishments located anywhere in the world. The definition of formula retail would also include a type of retail sales activity or retail sales establishment where fifty percent (50%) or more of the stock, shares, or any similar ownership interest of such establishment is owned by a formula retail use, or a subsidiary, affiliate, or parent of a formula retail use, even if the establishment itself may have fewer than eleven retail sales establishments located anywhere in the world.

Background Information

In the Upper Fillmore Street NCD, the mix of unique small businesses contributes to a strong sense of neighborhood community. The Upper Fillmore Street area is seen as part of a global economy, attracting businesses and visitors from around the world. Thus, the neighborhood may be particularly sensitive to incursions from formula retail, whether it is an international, national or local formula retail business. In addition, affiliates that are owned by a business defined as formula retail will have impacts on the Upper Fillmore Street NCD which are similar to the impacts caused by formula retail outlets themselves, as described in Planning Code Section 703.3(a). The purpose of the legislation is to protect Upper Fillmore Street's vibrant and expanding small business sector, and maintain its supportive environment for new small business innovations.