

BOARD of SUPERVISORS



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MEMORANDUM

LAND USE AND ECONOMIC DEVELOPMENT COMMITTEE SAN FRANCISCO BOARD OF SUPERVISORS

TO: Supervisor Scott Wiener, Chair
Land Use and Economic Development Committee

FROM: Andrea Ausberry, Assistant Clerk

DATE: July 7, 2014

SUBJECT: **COMMITTEE REPORT, BOARD MEETING**
Tuesday, July 8, 2014

The following file should be presented as a **COMMITTEE REPORT** at the Board meeting, Tuesday, July 8, 2014. This item was acted upon at the Committee Meeting on July 7, 2014, at 1:30 p.m., by the votes indicated.

Item No. 71 **File No. 140736**

Resolution imposing interim zoning controls for an 18-month period in the Castro Street Neighborhood Commercial District to require a Conditional Use authorization by the Planning Commission under Planning Code, Section 303(i), for a proposed use that has been determined to be Formula Retail even if a project sponsor subsequently removes one or more distinguishing Formula Retail Use features from the project proposal; and making environmental findings, and findings of consistency with the General Plan, and with the eight priority policies of Planning Code, Section 101.1.

RECOMMENDED AS A COMMITTEE REPORT

Vote: Supervisor Scott Wiener - Aye
Supervisor Jane Kim - Aye
Supervisor Malia Cohen - Aye

c: Board of Supervisors
Angela Calvillo, Clerk of the Board
Rick Caldeira, Deputy Legislative Clerk
Jon Givner, Deputy City Attorney

File No. 140736

Committee Item No. 1

Board Item No. 71

COMMITTEE/BOARD OF SUPERVISORS

AGENDA PACKET CONTENTS LIST

Committee: Land Use and Economic Development Date July 7, 2014

Board of Supervisors Meeting

Date July 8, 2014

Cmte Board

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<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	Resolution
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<input type="checkbox"/>	<input type="checkbox"/>	Legislative Digest
<input type="checkbox"/>	<input type="checkbox"/>	Budget and Legislative Analyst Report
<input type="checkbox"/>	<input type="checkbox"/>	Youth Commission Report
<input type="checkbox"/>	<input type="checkbox"/>	Introduction Form
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<input type="checkbox"/>	<input type="checkbox"/>	Award Letter
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OTHER

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Completed by: Andrea Ausberry

Date July 2, 2014

Completed by: 

Date July 8, 2014

1 [Interim Zoning Controls - Formula Retail Uses in the Castro Street Neighborhood
2 Commercial District]

3 **Resolution imposing interim zoning controls for an 18-month period in the Castro**
4 **Street Neighborhood Commercial District to require a Conditional Use authorization by**
5 **the Planning Commission under Planning Code, Section 303(i), for a proposed use that**
6 **has been determined to be Formula Retail even if a project sponsor subsequently**
7 **removes one or more distinguishing Formula Retail Use features from the project**
8 **proposal; and making environmental findings, and findings of consistency with the**
9 **General Plan, and with the eight priority policies of Planning Code, Section 101.1.**

10
11 WHEREAS, Planning Code, Section 306.7, permits the imposition of interim zoning
12 controls that promote the public interest, including but not limited to (a) development and
13 conservation of the City's commerce and industry to maintain the City's economic vitality and
14 maintain adequate services for its residents, visitors, businesses and institutions, and (b)
15 preservation of neighborhoods and areas of mixed residential and commercial uses and their
16 existing character; and

17 WHEREAS, Planning Code, Section 703.3(b), defines a "Formula Retail Use" as "a
18 type of retail sales activity or retail sales establishment which, along with eleven or more other
19 retail sales establishments located in the United States, maintains two or more of the following
20 features: a standardized array of merchandise, a standardized facade, a standardized decor
21 and color scheme, a uniform apparel, standardized signage, a trademark or a servicemark,"
22 which features are also defined in Section 703.3(b); and

23 ~~WHEREAS, Formula Retail Uses in specified zoning districts are either permitted,~~
24 ~~prohibited, or require a Conditional Use authorization from the Planning Commission; and~~

1 WHEREAS, These interim zoning controls furthers the City's interests set forth in
2 Planning Code, Section 703.3(a); and

3 WHEREAS, Planning Code, Section 303(i), establishes criteria for the Planning
4 Commission to consider when hearing requests for Conditional Use authorization for a
5 Formula Retail Use, which include: the existing concentrations of Formula Retail Uses within
6 the district; the availability of other similar retail uses within the district; the compatibility of the
7 proposed Formula Retail Use with the existing architectural and aesthetic character of the
8 district; the existing retail vacancy rates within the district; and the existing mix of Citywide
9 retail uses and neighborhood-serving retail uses within the district; and

10 WHEREAS, The Castro Street Neighborhood Commercial District (NCD), established
11 in Planning Code, Section 715.1, has special controls that are designed, among other things,
12 to promote a balanced mix of uses and to preserve the existing equilibrium of neighborhood-
13 serving convenience and specialty commercial uses; and

14 WHEREAS, The City is currently investing considerable capital resources in improving
15 Castro Street included within the NCD area in order to enhance pedestrian activities; and

16 WHEREAS, The Castro Street NCD requires a Conditional Use authorization for
17 Formula Retail Uses; and

18 WHEREAS, Both Planning Code, Section 703.3(i), and Planning Code, Section
19 303(i)(8), provide that if the City determines that a building permit application or building
20 permit subject to the Formula Retail Use controls of the Planning Code is for a Formula Retail
21 Use, the building permit applicant or holder bears the burden of proving to the City that the
22 proposed or existing use is not a Formula Retail Use; and

23 ~~WHEREAS, A problem in San Francisco's Citywide Formula Retail Use controls has~~
24 ~~been identified in the Castro Street (NCD) in that, despite the fact that once the City has~~
25 ~~determined that a proposed use is a Formula Retail Use the Planning Code puts the burden~~

1 on a project sponsor to prove that it is not, a project sponsor can easily manipulate the
2 Formula Retail Use features to evade the Conditional Use authorization requirement; and,

3 WHEREAS, The Planning Commission is in the process of considering updates to the
4 Formula Retail Use controls that would apply Citywide; and

5 WHEREAS, Any Planning Commission recommendation for updates to the Citywide
6 Formula Retail controls is likely months away; and

7 WHEREAS, Any recommendation on the imposition, on a Citywide basis, of these
8 interim controls proposed herein for the Castro Street NCD is best handled by the Planning
9 Commission as part of its larger, comprehensive analysis; yet there is an urgent need to
10 address this problem for the Castro Street NCD; and

11 WHEREAS, These interim controls proposed herein for the Castro Street NCD will
12 allow time for the orderly completion of a planning study and for the adoption of appropriate
13 legislation; and

14 WHEREAS, The Board of Supervisors ("Board") has considered the impact on the
15 public health, safety, peace and general welfare if the interim controls proposed herein for the
16 Castro Street NCD are not imposed; and

17 WHEREAS, The Board has determined that the public interest will best be served by
18 imposition of these interim controls for the Castro Street NCD in order to ensure that the
19 comprehensive legislative scheme that may be ultimately adopted is not undermined during
20 the planning and legislative process for permanent controls; and

21 WHEREAS, The Board makes the following findings of consistency with the Priority
22 Policies set forth in Planning Code, Section 101.1: By adding additional criteria for defining a
23 ~~Formula Retail Use in the Castro Street NCD, these interim controls advance Priority Policy 1~~
24 that existing neighborhood-serving retail uses be preserved and enhanced and Priority Policy
25 2 that existing housing and neighborhood character be conserved and protected to preserve

1 the cultural and economic diversity of our neighborhoods; further, these interim controls do not
2 conflict with the other Priority Policies of Section 101.1; and

3 WHEREAS, The Planning Department has determined that the actions contemplated in
4 this Resolution are in compliance with the California Environmental Quality Act (California
5 Public Resources Code sections 21000 et seq.) and the Board hereby affirms that
6 determination. Said determination is on file with the Clerk of the Board of Supervisors in File
7 No. 140736 and is incorporated herein by reference; now, therefore, be it

8 RESOLVED, That in the Castro Street NCD, a Conditional Use authorization by the
9 Planning Commission is required under Planning Code, Section 303(i), in circumstances
10 where there has been a determination by Department staff or a City board, commission, or
11 agency that a proposed project is a Formula Retail Use and the project sponsor subsequently
12 removes one or more of the Formula Retail Use features listed in Planning Code, Sections
13 703.3(b) and 303(i), as defining a Formula Retail Use; and, be it

14 FURTHER RESOLVED, That any proposed use in the Castro Street NCD within the
15 scope of these interim controls that has not received a final decision on any required approval
16 action by any City department, board, commission, or agency shall be covered by these
17 interim controls; and, be it

18 FURTHER RESOLVED, That upon imposition of these interim controls for the Castro
19 Street NCD, the Planning Department shall conduct a study of the contemplated zoning
20 proposal and propose permanent legislation to address the issues of manipulation of the
21 Formula Retail Use features and disagreements between the Planning Department and
22 project sponsors as to whether a proposed use is a Formula Retail Use; and, be it

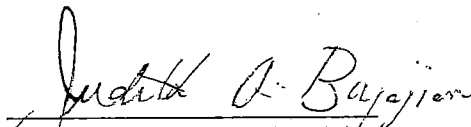
23 FURTHER RESOLVED, That these interim controls for the Castro Street NCD shall
24 remain in effect for a period of 18 months unless extended in accordance with Planning Code,
25 Section 306.7(h), or until permanent controls are adopted; and, be it

1 FURTHER RESOLVED, That the Planning Department shall provide reports to the
2 Board pursuant to Planning Code, Section 306.7(i).

3
4 APPROVED AS TO FORM:

5 DENNIS J. HERRERA, City Attorney

6
7 By:


8 JUDITH A. BOYAJIAN
Deputy City Attorney

9
10 n:\land\as2014\1400604\00934965.doc

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July 7, 2014

Land Use and Economic Development Committee
San Francisco Board of Supervisors
1 Dr. Carlton B. Goodlett Place
City Hall, Room 244
San Francisco, CA 94102

Re: File No. ¹⁴⁰⁷³⁶~~140763~~
Interim Zoning Controls - Formula Retail Uses in the Castro Street NCD

Dear Members of the Land Use and Economic Development Committee:

This office represents the AIDS Healthcare Foundation ("AHF"), an independent nonprofit healthcare organization dedicated to providing cutting-edge medicine and advocacy to patients living with HIV/AIDS. AHF has provided needed healthcare to underserved safety-net patients in San Francisco for 12 years. We write to oppose the above-captioned interim zoning controls on the grounds that their enactment would violate the California Environmental Quality Act ("CEQA") and contains other flaws.

The proposed interim zoning controls would subject a proposed project to conditional use review under Planning Code Section 303(i) as a formula retail use, even if that project is revised so that it no longer constitutes a formula retail use. The controls appear targeted at AHF, which is the sponsor of one such project in the Castro NCD, a medical office and pharmacy (BPA No. 201311121689) that has received Planning Department approval. If the proposed controls are enacted, AHF's project will be subject to a conditional use application and many months of delay – and it may never receive discretionary approval from the Planning Commission.

AHF's project site, 518 Castro Street, is already under lease and will remain vacant until the project receives final approval. The delays caused by the proposed controls will cause the project site to remain a vacant storefront indefinitely. To the extent there are other project sites that are or will be affected by the proposed controls, they will also likewise remain vacant. The perpetuation of vacant storefronts will cause blight and urban decay. *See Exhibit A, attached hereto.* These impacts must be analyzed under CEQA, and a "no physical change" determination is wholly inappropriate. *See Exhibit B, attached hereto.*

For example, neighboring tenants recently noticed that 518 Castro Street's vacant entryway was being occupied by a homeless person, who had lit a fire there. The risk to the neighborhood's welfare is obvious.

Land Use and Economic Development Committee

July 7, 2014

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Additionally, the proposed interim zoning controls have the purpose and result of retroactively invalidating project approvals that have already been secured, thereby implicating due process rights. To the extent the proposed controls are intended to apply specifically to the AHF project – as it appears from the history of the proposed controls – they may constitute impermissible spot zoning.

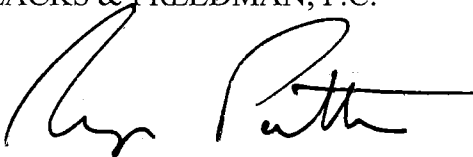
The proposed medical office and pharmacy will be relocated to Castro Street from nearby Church Street, where AHF's lease has expired. If the Castro Street office is not completed, many of AHF's patients would have to travel to AHF's Oakland office. This would be difficult for many of AHF's patients, who are low-income and have transportation challenges. Worse yet, if the Church Street clinic closes before the Castro Street clinic opens, more than 250 patients risk falling out of adherence to their treatment regimens, creating a public health risk.

Lastly, AHF objects to the proposed controls being rushed through the legislative process. Aside from receiving insufficient environmental review, the last-minute scheduling of today's hearing has hampered AHF's and other members of the public's ability to present evidence to the committee.

AHF respectfully requests that this committee reject the proposed interim zoning controls. If the controls are enacted, AHF is prepared to file suit to enforce its rights.

Very truly yours,

ZACKS & FREEDMAN, P.C.

A handwritten signature in black ink, appearing to read "Ryan Patterson", written over a horizontal line.

Ryan J. Patterson

ZACKS & FREEDMAN, P.C.
 235 MONTGOMERY STREET, SUITE 400
 SAN FRANCISCO, CALIFORNIA 94104

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Attorneys for AIDS Healthcare Foundation

SAN FRANCISCO BOARD OF SUPERVISORS

DECLARATION OF ADAM OUDERKIRK

File No.: 140763
 Re: Interim Zoning Controls – Formula
 Retail Uses in the Castro Street NCD

I, Adam Ouderkirk, declare as follows:

1. I am the Senior Director of Program and Business Development for the AIDS Healthcare Foundation. I make this declaration based on facts personally known to me, except as to those facts stated on information and belief, which facts I believe to be true.

2. I took photos of vacant storefronts on Castro Street on or about July 5, 2014. Attached as **Exhibit A** is a true and correct copy of those photos.

I declare under penalty of perjury that the foregoing is true and correct, and that this was executed on July 7, 2014, at San Francisco, California.



Adam Ouderkirk

EXHIBIT A

PATIO CAFE





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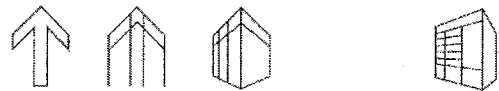
Retail
for
Lease

415 788 3100

San Francisco Formula Retail Economic Analysis

June 2014

prepared for:
San Francisco Planning Department



STRATEGICECONOMICS

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EXECUTIVE SUMMARY

The City and County of San Francisco (City) has regulated formula retail – 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 certain standardized features – since the mid-2000s. The regulations are intended to protect San Francisco’s “diverse retail base” and the “distinct neighborhood retailing personalities” of the city’s different neighborhood commercial districts. This report provides a comprehensive look at formula retail establishments in San Francisco and the City’s formula retail controls. It is intended to inform policy recommendations that City staff will make to the Planning Commission.

This executive summary highlights the key findings and conclusions of the report. It reviews the role that existing formula retail establishments play in San Francisco’s neighborhoods, the impacts of the City’s existing formula retail controls, and the potential effects of certain proposed changes to the controls.

Background

In 2013, concerns about rapid change in San Francisco’s retail market sparked renewed interest in the issue and prompted a number of proposals to revise the City’s policies. In response to these proposals, the Planning Commission directed the Planning Department to review and assess the overall issue of formula retail in San Francisco. The Planning Department selected Strategic Economics to provide data and analysis of San Francisco’s formula retail establishments and controls.

This report describes the results and methodology of the analysis. The study involved the first comprehensive effort to identify, map, and characterize all of San Francisco’s existing formula retail establishments, as well as extensive research into topics such as the employment and real estate impacts associated with formula retail. The study also included in-depth case studies of the role that formula retail plays in three of San Francisco’s neighborhood commercial districts: Upper Fillmore, Ocean Avenue, and Geary Boulevard (14th to 28th Avenues). At key points throughout the study, the results were presented to focus groups of stakeholders and the Planning Commission, and the analysis was augmented and revised to reflect feedback from focus group participants, the Planning Commission, and City staff.

The Office of the Controller has also prepared an economic analysis in response to proposed changes to San Francisco’s formula retail policies. In February 2014, the Controller’s Office of Economic Analysis released its report, which included an analysis of consumer price and local spending differences between formula and independent retailers and an evaluation of the overall economic impact of expanding the City’s formula retail controls.¹ In order to avoid duplicating efforts and maximize the overall number of topics that could be studied, Strategic Economics did not conduct additional research on these topics.

Report Purpose and Limitations

This report is intended to provide data and technical analysis to inform policy recommendations that City staff will make to the Planning Commission. It provides information about specific economic and land use concerns raised by community members and policymakers, but does not make recommendations. Planning Department staff will draw on the information in this report, public comment, and other sources to determine whether changes to the definition of formula retail, the formula retail conditional use application process, or applicable geographic areas of the City’s formula retail controls would improve neighborhood character or economic vitality.

¹ See City and County of San Francisco Office of the Controller – Office of Economic Analysis, “Expanding Formula Retail Controls: Economic Impact Report,” February 12, 2014, <http://sfcontroller.org/Modules/ShowDocument.aspx?documentid=5119>.

The analysis drew on the best available sources of data on existing businesses in San Francisco in order to compare the characteristics of formula and independent businesses to the extent possible. Due to the limitations of existing data sources, it was not possible to precisely replicate the City's definition of formula retail. In order to address questions that were not possible to answer directly with local data, the analysis also drew on available national data (for example, on minority hiring practices). While national data are useful in understanding larger trends and providing context for local trends, conditions in San Francisco may not be fully consistent with those national trends. Strategic Economics also used interviews with San Francisco real estate brokers and comments provided by real estate professionals, merchants, and other stakeholders at the focus groups to supplement available data. These and other limitations of the analysis are discussed in more detail throughout the study.

Key Findings

San Francisco's Retail Market Conditions

San Francisco's rapidly expanding economy has fueled one of the hottest retail markets in the country.² The city's low unemployment rate and growing household incomes have led to a booming commercial real estate sector, characterized by rising rents and low vacancies. Terranomics, a real estate firm focused on the retail sector in Northern California, reported that asking rents for freestanding and street level retail space increased 10 to 15 percent between mid-2012 and mid-2013 in the city as a whole. The citywide retail vacancy rate is very low (estimated at 4.5 percent in the fourth quarter of 2013³). At the national level, many large retail chains have gone into expansion mode as the U.S. economy has recovered, reportedly focusing expansion plans on dense, urban environments like San Francisco.⁴

The city's strong retail market, combined with national retail trends, is creating challenges for some small businesses. Some small, independent businesses have struggled to keep up with rising rents even as the city's economic growth has attracted new national brands and allowed other independent retailers to expand. On a national scale, the retail market is experiencing a shift towards higher-end, comparison shopping stores, a trend that may in part reflect a regional and national decline in consumer demand from the middle class, accompanied by strong growth in retail sectors serving either the most affluent households or struggling, low-income households.⁵ In addition, brick-and-mortar retail stores are increasingly facing competition from online retailers.

While San Francisco's retail market is among the strongest in the country, rents, vacancy rates, and other retail conditions vary significantly by location within the city. The citywide retail vacancy rate remains very low, but vacancies are significantly higher in some districts, as is discussed in more detail below. Some retail districts across the city and the region are finding it increasingly difficult to fill retail space with retail stores (i.e., businesses selling goods directly to consumers) as the number of potential retail tenants has shrunk due to competition with e-commerce and the consolidation of national retail brands. Real estate professionals have noted a local and nationwide shift toward retail uses that do not compete directly with online sales, such as restaurants, grocery stores, other food stores, personal services, tax preparation, automotive services, and dry cleaners.⁶

² ChainLinks retail Advisors, *Fall/Winter 2013 Retail Review & Forecast*, Fall/Winter 2013.

³ Terranomics, "San Francisco County Retail Report," Fourth Quarter 2013.

⁴ Cassidy Turley, *National Retail Review*, Spring 2014, <http://www.ctbt.com/Web/Download-Research-File.aspx?id=E8196E98-CDAE-4AAE-8A8C-31B3AD67591E>.

⁵ Nelson D. Schwartz, "The Middle Class Is Steadily Eroding. Just Ask the Business World.," *The New York Times*, February 2, 2014, <http://www.nytimes.com/2014/02/03/business/the-middle-class-is-steadily-eroding-just-ask-the-business-world.html>.

⁶ ChainLinks retail Advisors, *Fall/Winter 2013 Retail Review & Forecast*.

Existing Formula Retail Establishments and San Francisco's Neighborhoods

How Many Formula Retailers Are There?

There are approximately 1,250 formula retail establishments in San Francisco, accounting for 12 percent of all retailers. These are retail establishments that, if they were to propose a new location in San Francisco today, would most likely be considered formula retailers. Formula retail occupies an estimated 11.2 million square feet of building area, accounting for 31 percent of San Francisco's retail square footage. (See Chapter III for more information.)

Formula retail appears to be significantly less prevalent in San Francisco compared to the national average. Although exactly comparable numbers for other cities are not available, 32 percent of all retail establishments in the U.S. are associated with firms that include 10 or more outlets.⁷ (See Chapter III for more information.)

The prevalence of formula retail varies significantly by business type and size. For example, 49 percent of San Francisco's coffee shops are formula retail, compared to 11 percent of all restaurants. The vast majority of pharmacies over 3,000 square feet and supermarkets over 10,000 square feet are formula retailers, while smaller establishments are much more likely to be independent retailers. More than 80 percent of all banks are formula retail. (See Chapter III for more information.)

Who Are They?

Most formula retailers are affiliated with large companies with many outlets. Only 5 percent of formula retail establishments in San Francisco are associated with businesses with fewer than 20 total branches or subsidiaries, while another 4 percent are associated with businesses that have between 20 and 50 locations. Nearly 25 percent of the city's formula retail establishments are associated with companies that have between 50 and 1,045 branches and subsidiaries, while 50 percent are associated with companies that have more than 1,045 locations. (See Chapter IV for more information.)

Most formula retailers have headquarters outside of California. Slightly less than one-third (28 percent) of the city's formula retailers are headquartered in California, with half of those headquartered in San Francisco. Approximately half (54 percent) are headquartered elsewhere in the United States, while 10 percent are headquartered outside the United States. Another 8 percent of formula retail establishments are independently owned franchises (e.g., franchise locations that are not owned by the parent company); the location of the franchise owners is unknown. (See Chapter IV for more information.)

Where Are They?

Formula retail is most highly concentrated in places that do not have formula retail controls and in neighborhood shopping centers. Overall, formula retail accounts for 25 percent of retail establishments in commercial/mixed-use zoning districts without formula retail controls, compared to 10 percent of retail establishments in commercial/mixed-use zoning district with controls (a category that includes all of the city's neighborhood commercial districts). Formula retail is most highly concentrated in Downtown, South of Market, and the northeastern waterfront, where new formula retail is permitted without a conditional use (CU) authorization. There are also significant concentrations of formula retail in shopping centers, including those where new formula retail requires a CU authorization – such as Lakeshore Plaza, the Laurel Village Shopping Center, and Geary and Masonic – as well as in Stonestown Galleria, where formula retail is not regulated. (See Chapter III for more information.)

⁷ U.S. Census Bureau, "Table EC0744SSSZ3: Retail Trade: Subject Series - Estab and Firm Size: Summary Statistics for Single Unit and Multiunit Firms for the United States: 2007," 2007 Economic Census. Includes all retail trade establishments (NAICS codes 44-45).

Some neighborhood commercial districts that serve high-income neighborhoods and/or draw significant numbers of visitors and shoppers from around the city and region also have higher-than-average concentrations of formula retail. Examples include Union Street, Polk Street, and Upper Fillmore. These neighborhood commercial districts have high sales volumes, serve neighborhoods with particularly high population densities and average resident incomes, and are increasingly becoming known as regional shopping destinations. (See Chapters III and VIII for more information.)

Formula retailers choose locations based on the factors that all retailers tend to consider in making location decisions. These factors include customer traffic and sales volume in particular shopping districts, the demographics of surrounding neighborhoods, and the visibility and accessibility of particular storefronts. Retailers also benefit from clustering with other retailers; a concentration of retail activity creates a destination that offers variety and selection, attracting more shoppers. (See Chapters III and VI for more information.)

What Do They Look Like?

Formula retailers generally occupy larger spaces than independent retailers do. Overall, nearly 85 percent of San Francisco's formula retailers occupy more than 3,000 square feet, while 80 percent of independent retailers occupy 3,000 square feet or less. (See Chapters III and IV for more information.)

The relationship of formula retail to neighborhood character otherwise varies significantly depending on the type of business and the district where it is located. For example, in Upper Fillmore, formula retail establishments tend to locate in Victorian buildings with limited parking, reflecting both the existing building stock in the district and the fact that formula retail in Upper Fillmore generally caters to comparison shoppers who are likely to drive or take transit to the district and then walk from store to store. In contrast, formula retail establishments on Ocean Avenue and Geary Boulevard are more likely to locate in single-story retail buildings with significant parking. Many of the formula retailers on Ocean Avenue and Geary Boulevard sell groceries and other personal goods that shoppers often buy in large quantities and may prefer to transport in a car. (See Chapter VIII for more information.)

What Goods and Services Do They Provide?

Formula retail establishments can serve local daily needs or cater to regional shoppers, depending in part on their location. For example, in Downtown, parts of South of Market, and the northeastern waterfront – areas where formula retail is generally not regulated – formula retail stores and restaurants serve a mix of workers, shoppers, and visitors from around the city, region, and world. The most common types of formula retail in these districts include apparel and accessory stores, health and beauty stores, and specialized retail stores. Some neighborhood commercial districts such as Upper Fillmore are also emerging as regional shopping destinations, and have significant clusters of both formula and independent clothing stores, beauty stores, and other regional-serving businesses. In general, however, pharmacies, grocery stores, banks, and other uses that serve residents' daily needs account for much of the formula retail in neighborhood commercial districts and other commercial/mixed-use zoning districts where formula retail is subject to controls. (See Chapters III and VIII for more information.)

How Do They Affect the Neighborhoods Where They Are Located?

Compared to independent retailers, formula retailers may be willing and able to pay higher rents in some highly desirable neighborhood commercial districts that serve local residents, shoppers from around the region, and tourists. Landlords in San Francisco's most attractive retail markets (e.g., Upper Fillmore) often require letters of credit guaranteeing 6 to 12 months' worth of rent. Prospective tenants may also find it necessary to pay either landlords or existing tenants "key money" in order to secure a

lease. Start-ups and other independent retailers often find it difficult to meet these requirements.⁸ (See Chapters VI and VIII for more information.)

However, there does not appear to be a consistent relationship between the approval of a new formula retail conditional use application and the subsequent direction of local rents and vacancies. While formula retailers could potentially afford to pay higher rents in some individual transactions, retail market trends over time are primarily related to regional and national economic cycles. (See Chapter VI for more information.)

The effects of formula retailers on the neighborhoods where they are located varies depending on the type of retail, the character of the neighborhood commercial district, local real estate market trends, and other factors. For example, a formula retailer that serves as an anchor and draws new customers to a revitalizing neighborhood commercial district can have a positive effect on other retailers in the district, and potentially lead to increased sales and rents. In addition to attracting new customers, national and regional retailers often have more resources to invest in improving façades and interiors compared to independent businesses. In the Ocean Avenue Neighborhood Commercial Transit District, for example, a new Whole Foods has attracted new customers and contributed to efforts to revitalize the area. Other formula retailers could detract from the attractiveness or distinctive feel of a district. In Upper Fillmore, for example, an increase in formula retail has led to concerns about the district losing its distinctive feel and a loss of neighborhood-serving businesses. (See Chapter VIII for more information.)

Formula retail establishments can be challenging to involve in merchant and community organizing and outreach. Beyond drawing new customers and making physical improvements to their storefronts, many formula retail stores contribute few other benefits to the neighborhoods where they are located. Community members note that it is challenging to establish ongoing relationships with most formula retailers because the managers rotate between stores or do not have the authority to make decisions. As a result of this management structure, local merchants associations report that few formula retailers are active participants in their efforts to organize events and activities. (See Chapter VIII for more information.)

What Wages and Benefits Do They Offer Employees?

Employment practices in San Francisco vary as much or more by retail subsector and firm size as by whether a business is formula or independent. On average, retail stores and restaurants in San Francisco pay similar wages regardless of whether the business has just one location in California (“single-site” firms, which served as a proxy for independent retailers in the employment analysis due to limitations of the employment data), or is part of a company with multiple locations in the state (“multiple-site” firms).⁹ However, these averages mask large pay differences within some retail subsectors. In some subsectors (e.g., electronics and appliance, furniture, health and personal care, and grocery stores) workers at multiple-site stores earned *more* than workers at single-site stores, while in other subsectors (e.g. automobile parts and accessories, liquor, shoes, and sporting goods stores), workers at multiple-site stores earned *less* than workers at single-site stores. Firms with multiple sites do tend to employ significantly more workers than firms with a single location, although some of the difference may

⁸ Based on interviews with real estate brokers and merchant association representatives; see list of interviewees in Appendix E.

⁹ National data from the 2007 Economic Census show that retail firms with fewer than 10 outlets in the United States paid an average of \$27,500 per employee, per year. In comparison, firms with 10 or more outlets paid an average of \$20,800 per employee per year. However, employment data by number of outlets were not available for San Francisco.

be due to scheduling and other business practices (e.g., multiple-site firms may tend to hire more part-time or temporary workers).¹⁰ (See Chapter V for more information.)

Both nationally and in San Francisco, retail stores and restaurants generally provide fewer benefits compared to other types of businesses. Local and national studies have also shown that firms with fewer than 20 employees – a category that includes most independent retailers – are less likely to offer health insurance, paid time off, and other benefits compared to firms with more than 20 employees, a category that includes most formula retailers. However, San Francisco's labor laws raise the floor, so that firms in all industries are required to offer higher pay and better benefits compared to their counterparts elsewhere in the country, although small firms are exempt from some requirements.¹¹ (See Chapter V for more information.)

Effects of San Francisco's Existing Formula Retail Controls

The Conditional Use Application Process

Excluding pending applications, 75 percent of formula retail conditional use applications have been approved. However, this approval rate may under-represent the impact of the controls in reducing the prevalence of formula retail, as the application process discourages some formula retailers from considering locations in districts with controls. (See Chapters II and III for more information.)

The formula retail conditional use process creates disincentives for formula retailers to locate in San Francisco's neighborhood commercial districts. According to brokers who work with chain retailers, obtaining a formula retail CU authorization typically takes 6 to 12 months and can cost tens of thousands of dollars, including fees for attorneys, architects, and community outreach consultants and other costs. As a result, brokers report that many formula retailers will not propose a new location in San Francisco's neighborhood commercial districts unless they feel confident that their application is likely to be approved. Some formula retailers are reportedly unwilling to consider locations in San Francisco's neighborhood commercial districts at all. (See Chapters VI and VIII for more information.)

However, formula retailers' willingness to go through the formula retail conditional use application process depends on conditions in specific districts. Formula retailers are more likely to submit applications in neighborhoods with strong market demand for new retail and where they anticipate a positive reception by the community. (See Chapters VI and VIII for more information.)

In general, community reaction to formula retail CU applications appears to depend on factors such as the potential impacts on competing businesses, and whether prospective formula retail tenants are filling long-standing vacancies and/or meeting perceived community needs. In Upper Fillmore, for example, community members have raised concerns about large, established brands competing with independent retailers, the decline in businesses that serve daily needs, and the perception that formula retailers are less engaged with the community than independent businesses. Along Ocean Avenue, however, many formula retailers are seen as providing valuable neighborhood services, although it can be challenging to establish ongoing relationships with them. Along Geary Boulevard, the community has generally supported CU applications for formula retail that fills long-standing needs, but organized to oppose formula retail that competed with existing small businesses. (See Chapter VIII for more information.)

¹⁰ Data on part-time versus full-time worker status by industry and number of outlets are not available from any known source.

¹¹ Michael Reich, Ken Jacobs, and Miranda Dietz, eds., *When Mandates Work: Raising Labor Standards at the Local Level*, 2014, <http://www.ucpress.edu/book.php?isbn=9780520278141>.

The formula retail conditional use authorization process allows the Planning Commission to exercise discretion and respond to case-by-case concerns raised by community members. The majority of formula retail CU applications have been approved. However, in cases where community members have reached a clear consensus that a proposed formula retailer is not desirable and appeared at Planning Commission hearings, CU authorizations have often been denied or withdrawn. (See Chapters II and VIII for more information.)

Neighborhood Effects of the Formula Retail Controls

The formula retail controls are one of many land use regulations that the City places on the type, scale, and appearance of retail activities allowed in any given location within San Francisco. For example, in most NCDs, any proposed retail use over a certain size (typically between 2,000 and 4,000 square feet) requires a separate use size CU authorization. Other provisions of the Planning Code regulate the types of retail uses allowed in particular districts, the dimensions of retail buildings, and the size and appearance of retail signage. Zoning and other land use controls are inherently limited to regulating the type and scale of land use activities and the overall dimensions of the structures in which these activities occur. Thus, the formula retail controls do not directly regulate hiring or employment practices or other features of how businesses are operated once they have been established, but are instead focused on regulating where *new* formula retail establishments may locate.¹² (See Chapters I and II for more information.)

The relatively low concentration of formula retail in commercial/mixed-use neighborhoods with formula retail controls in place suggests that the controls are successfully limiting the amount of formula retail in the city's neighborhood commercial districts, although other factors are also likely at play. In addition to the City's formula retail controls, other factors that could affect the concentration of formula retail in different neighborhoods include the prevalence of formula retail before the controls went into effect and the different retail markets that various commercial districts serve. (See Chapter III for more information.)

By creating disincentives for formula retailers to locate in San Francisco's neighborhood commercial districts, the formula retail controls may help lower costs for independent retailers. By making neighborhood commercial districts less attractive for formula retailers, formula retail controls may help lower rents in some districts, reducing costs for independent retailers. (See Chapter VI for more information.)

The City's formula retail controls may be a contributing factor in some long-term vacancies, particularly of larger storefronts. Brokers report that large, deep spaces may sit empty for extended periods of time if a formula retail CU application is disapproved or withdrawn, and that these vacant spaces can act as a drag on the vibrancy and overall performance of the surrounding district. Formula retailers can generally fill more floor space than independent retailers, and can more often afford to make needed tenant improvements and pay the rents required to lease larger storefronts. However, while the formula retail controls may make leasing some spaces more challenging, obsolete building designs, significant maintenance needs, and challenging locations also likely contribute to long-term vacancies in many cases. (See Chapter VIII for more information.)

While it might be ideal to encourage property owners to subdivide or redevelop large, vacant retail spaces, there are significant limitations to this approach. Some large retail buildings are not possible

¹² However, the City may place conditions of approval on new formula retail establishments through the formula retail conditional use process, which may relate to hiring practices, community engagement, or other aspects of business operations. The City also has other mechanisms for regulating employment and business practices. For example, San Francisco is nationally known for its minimum wage ordinance and other progressive labor laws.

to subdivide into multiple smaller storefronts that would be more suitable for independent businesses because of structural or design issues. In terms of redevelopment potential, some vacant retail buildings that are too big for most independent retailers are located on parcels that are too small to support enough residential units to justify the expense of the demolition and construction. Other vacant retail buildings may present other challenges for redevelopment. For example, the vacant, former Walgreens building in the Geary Boulevard case study area is wedged between two other retail buildings, making it a very challenging site for any new construction. (See Chapter VIII for more information.)

Implications of Potential Changes to Formula Retail Controls

The Planning Commission and Board of Supervisors are considering a number of different ordinances that would, among other changes, expand the definition of formula retail to include additional land uses, businesses that have 11 or more other outlets located anywhere in the world, and businesses that are majority owned by a formula retail use subject new land uses to formula retail controls. Other proposals would create quantitative thresholds for determining the appropriate level of concentration of formula retail in neighborhood commercial districts. In addition to the changes to the formula retail controls that are under consideration, stakeholders have also raised concerns about the impacts of the formula retail controls on small businesses that are captured by the City's current definition of formula retail. The data and analysis performed as part of this study led to the following findings about the implications of these potential changes.

Expanding the Definition of Formula Retail

Changing the definition of formula retail to include international chains with 11 or more other establishments anywhere in the world could have a significant effect in certain neighborhoods, but is unlikely to affect many businesses citywide. Citywide, 10 percent of businesses with 11 or more other corporate family members are part of a corporation that is headquartered outside of the U.S. However, the vast majority of international businesses already have a long-established presence in the U.S. and qualify as formula retail under the current Planning Code. Therefore, changing the definition is unlikely to have widespread effects in the city overall. However, this proposed policy change is particularly relevant in highly attractive shopping districts like Upper Fillmore, where international (as well as domestic) businesses are reportedly accelerating plans to open before they reach the threshold for formula retail¹³. Other international chains have chosen to open their first San Francisco locations in neighborhoods with a strong ethnic identity, such as Japantown, Chinatown, or the Mission. (See Chapter VII for more information.)

Expanding the formula retail definition to include establishments that are owned by formula retail businesses is also likely to affect a small number of potential new businesses. This proposed policy change is designed to address several recent cases of new or proposed establishments that did not have to go through the formula retail CU process even though they were owned by formula retailers, such as Jack Spade in the Mission (owned by Liz Claiborne) and Athleta and Evolution Juice in Upper Fillmore (owned by The Gap and Starbucks, respectively). Citywide, however, subsidiaries – defined as companies that are more than 50 percent owned by another corporation – account for only 3 percent of retail businesses in San Francisco that have 12 or more corporate family members. Most of these would already qualify as formula retail under the existing Planning Code, because they have 11 or more other locations of the same trade name in the U.S. (See Chapter VII for more information.)

Expanding the application of formula retail controls to other types of land uses could affect a significant number of businesses considering new locations in San Francisco, and make it more challenging to fill vacant storefronts in some neighborhood commercial districts. As the retail

¹³ Based on interviews with real estate brokers, merchant association representatives, and residents; see list of interviewees in Appendix E.

industry has become increasingly consolidated and brick-and-mortar retail stores are forced to compete with online sales, non-retail uses are playing an increasingly important role in filling vacant retail space. Personal, business, and medical services play a particularly important role in some of San Francisco's more struggling retail districts. For example, while Upper Fillmore's high sales volumes and reputation as a shopping destination continue to attract many retail stores and keep vacancies low, non-retail uses occupy a significant share of storefronts on Geary Boulevard and Ocean Avenue (40 percent and 56 percent, respectively). Given these trends, expanding formula retail controls to include new land uses could make it more difficult to maintain healthy vacancy rates (i.e., vacancy rates of no more than 10 percent) in some neighborhood commercial districts. Moreover, many personal, business, and medical services – such as hair and nail salons, gyms, and dialysis centers – serve residents' daily needs and align with the City's vision of neighborhood commercial districts as providing a range of neighborhood-serving commercial uses. (See Chapters VI and VIII for more information.)

Creating Thresholds for Concentration of Formula Retail

The appropriate concentration of formula retail for neighborhood commercial districts varies significantly depending on existing conditions and the community's preferences. The existing concentration of formula retail varies significantly across the city, and communities often react differently to formula retail CU applications depending on factors such as the potential impacts on competing businesses and whether prospective formula retail tenants are filling long-standing vacancies and/or meeting perceived community needs. Given this variation, it is not possible to define an ideal level of concentration for formula retail that could apply across multiple neighborhood commercial districts. (See Chapters III and VIII for more information.)

Reducing Impacts on Small Businesses

Changing the definition of formula retail to businesses with at least 20 or 50 other establishments (rather than the current 11) would exempt some fast-growing start-ups, while still capturing the vast majority of large, established chains. Examples of fast-growing start-up businesses that have recently qualified as formula retail include Philz Coffee, with 14 locations in the Bay Area; San Francisco Soup Company, with 16 locations in the Bay Area; and Pet Food Express, which recently reached approximately 50 stores in the Bay Area, Sacramento, and Carmel. Overall, however, only 5 percent of formula retailers in San Francisco are associated with businesses with fewer than 20 total branches or subsidiaries. Another 4 percent have between 20 and 50 locations. The remaining formula retailers are either franchises (about 17 percent) or have more than 50 locations (nearly 75 percent). (See Chapters I and VII for more information.)

Franchisees and other small businesses may need more assistance in navigating formula retail and other land use controls and negotiating rents. The formula retail controls affect some small businesses as well as larger, national chains. These include rapidly growing start-up companies (e.g., Philz Coffee, San Francisco Soup Company) as well as some franchisees (i.e., individuals or small companies that purchase the right to use the trademark and other standardized features from a large brand). Providing these businesses with technical assistance in navigating the formula retail controls and other land use controls could help mitigate the impacts of the controls. Small businesses may also benefit from additional assistance in negotiating with landlords in neighborhood commercial districts where rents are rising rapidly. (See Chapters I and VIII for more information.)

I. INTRODUCTION

The issue of formula retail in San Francisco's neighborhoods has attracted significant attention from the city's policymakers and residents in recent months. San Francisco has regulated formula retail – 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 certain standardized features – since the mid-2000s. Uses subject to this definition include most retail stores, restaurants, bars, liquor stores, banks, retail services,¹⁴ and movie theaters. Under the current San Francisco Planning Code, new formula retail in the city's neighborhood commercial districts either is prohibited or requires conditional use authorization.

In 2013, concerns about rapid change in San Francisco's retail market sparked renewed interest in the issue and prompted a number of proposals to revise the formula retail policies. In response to these proposals, the City and County of San Francisco (City) contracted with Strategic Economics to provide data and analysis of San Francisco's formula retail establishments and controls. This report describes the results and methodology of Strategic Economics' analysis, which is intended to inform policy recommendations that City staff will make to the Planning Commission. The study involved the first comprehensive effort to identify and map all of San Francisco's existing formula retail establishments, as well as extensive research into topics such as the employment and real estate impacts associated with formula retail. At key points throughout the study, the results were presented to focus groups of stakeholders and the Planning Commission, and the analysis was augmented and revised to reflect feedback from focus group participants, the Planning Commission, and City staff.

The Office of the Controller has also prepared an economic analysis in response to proposed changes to San Francisco's formula retail policies. In February 2014, the Controller's Office of Economic Analysis released its report, which included an analysis of consumer price and local spending differences between formula and independent retailers and an evaluation of the overall economic impact of expanding the City's formula retail controls.¹⁵ In order to avoid duplicating efforts and maximize the overall number of topics that could be studied, Strategic Economics did not conduct additional research on these topics.

Background

The San Francisco Board of Supervisors (BOS) adopted the City's first formula retail controls in 2004, with the goal of protecting San Francisco's “diverse retail base with distinct neighborhood retailing personalities.” The BOS found that “the standardized architecture, color schemes, décor and signage of many formula retail businesses can detract from the distinctive character” of San Francisco's neighborhood commercial districts (NCDs), which the City envisions as mixed-use districts that support a range of neighborhood-serving commercial uses. In addition to protecting the distinctive aesthetic character of the NCDs, the ordinance was intended to “protect [San Francisco's] vibrant small business sector and create a supportive environment for new small business innovations,” in recognition that “the unregulated and unmonitored establishment of additional formula retail uses may unduly limit or eliminate business establishment opportunities for smaller or medium-sized businesses . . . and unduly skew the mix of businesses towards national retailers in lieu of local or regional retailers.”¹⁶

¹⁴ Retail services include laundromats, dry cleaning, pet grooming, and copy centers.

¹⁵ See City and County of San Francisco Office of the Controller – Office of Economic Analysis, “Expanding Formula Retail Controls: Economic Impact Report,” February 12, 2014, <http://sfcontroller.org/Modules/ShowDocument.aspx?documentid=5119>.

¹⁶ Ordinance Number 62-04, Board File 031501, available online at: <http://sfgov.legistar.com/LegislationDetail.aspx?ID=473759&GUID=A83D3A84-B457-4B93-BCF5-11058DDA5598&Options=ID|Text|&Search=62-04>

Initially, the City's formula retail controls were limited to a few specific NCDs (including the Hayes-Gough NCD and certain blocks in the Haight/Cole Valley area). However, in 2007, San Francisco voters approved Proposition G, which amended the Planning Code to require conditional use (CU) authorizations for new formula retail outlets in all of the city's NCDs. Because Proposition G was a voter-approved ballot initiative, the provision of the Planning Code that requires a CU authorization for new formula retail in the NCDs can only be changed through another ballot process. However, other aspects of the controls – such as the definition of formula retail, the use types that are subject to formula retail controls, and the criteria for consideration of formula retail CU applications – can be amended through the typical legislative process. For example, in 2012 the BOS expanded the controls to cover banks, credit unions, and savings and loans.¹⁷

The formula retail controls are one of many land use regulations that the City places on the type, scale, and appearance of retail activities allowed in any given location within San Francisco. For example, in most NCDs, any proposed retail use over a certain size (typically between 2,000 and 4,000 square feet) requires a separate use size CU authorization.¹⁸ Other provisions of the Planning Code regulate the types of retail uses allowed in particular districts, the dimensions of retail buildings, and the size and appearance of retail signage. Zoning and other land use controls are inherently limited to regulating the type and scale of land use activities and the overall dimensions of the structures in which these activities occur. Thus, the formula retail controls do not directly regulate hiring or employment practices or other features of how businesses are operated once they have been established, but are instead focused on regulating where *new* formula retail establishments may locate.¹⁹

Recent Concerns Related to Formula Retail and the Formula Retail Controls

Over the past several years, a number of concerns have drawn significant new attention to the City's formula retail policies. The increased attention to the issue has played out in the context of San Francisco's rapidly expanding economy, which has fueled one of the hottest retail markets in the country.²⁰ As the U.S. economy has recovered, many national retail brands have gone into expansion mode, reportedly focusing expansion plans on dense, urban environments like San Francisco.²¹ At the same time, many retail sectors are facing increased competition with online sales. As a result of these local and national trends, some small, independent businesses have struggled to keep up with rising rents even as the city's economic growth has attracted new national brands and allowed other independent retailers to expand.

In this context, residents, businesses, and policy makers have raised a number of concerns, including some that are directly related to the impacts of the City's formula retail controls and others that are also tied to broader retail market trends. Some of the specific concerns that have been raised in the debate over formula retail include:

- **High-profile cases of nationally or internationally known brands that have recently proposed or opened locations in San Francisco but were not subject to the City's formula retail controls.** These include brands with dozens or hundreds of locations internationally but fewer than 11 other locations in the United States when they opened in San Francisco (e.g., The

¹⁷ For a more detailed discussion of the history of formula retail controls in San Francisco, and a complete description of the definition of formula retail, see "Formula Retail Controls Today and Tomorrow," Memorandum to the Planning Commission by Sophie Hayward, Legislative Planner and Jenny Wun, Legislative Intern, July 15, 2013.

¹⁸ See Appendix B for additional information on use size controls by zoning district.

¹⁹ However, the City may place conditions of approval on new formula retail establishments through the formula retail conditional use process, which may relate to hiring practices, community engagement, or other aspects of business operations. The City also has other mechanisms for regulating employment and business practices. For example, San Francisco is nationally known for its minimum wage ordinance and other progressive labor laws.

²⁰ ChainLinks retail Advisors, *Fall/Winter 2013 Retail Review & Forecast*.

²¹ Cassidy Turley, *National Retail Review*.

Kooples, Cotélaç, and Sandro, three clothing boutiques that recently opened in the Upper Fillmore); brands that are found in many department stores or are owned by formula retail companies but have few brick-and-mortar stores under their own trademark (e.g., Jack Spade, Joie); and companies that have dozens of outlets in the United States but do not fall among the use types to which the controls apply (e.g., Chevron gas station, Equinox gym).

- **Potential impacts of the formula retail controls on relatively small or start-up retailers that are captured by the City's definition of formula retail.** Examples of start-up businesses that have grown rapidly and now qualify as formula retail include Philz Coffee, with 14 locations in the Bay Area; San Francisco Soup Company, with 16 locations in the Bay Area; and Pet Food Express, which recently reached approximately 50 stores in the Bay Area, Sacramento, and Carmel. In addition, some small business advocates have raised concerns over impacts on small franchisees – i.e., individuals or companies who purchase the right to use the trademark and other standardized features from a large, national brand. Examples of franchises subject to the formula retail controls include restaurants like Subway, Taco Bell/KFC, Jamba Juice, and Extreme Pizza and stores such as RadioShack and The Great Frame Up.
- **Concern that the expansion of formula retail is exacerbating the pressures facing small retail, restaurant, and personal service businesses in San Francisco.** Small businesses have raised a concern that formula retailers are willing and able to pay higher rents than independent retailers, contributing to rapidly rising rents in the city's NCDs. Stakeholders have also raised concerns that some landlords prefer formula retailers or other national brands over independent retailers, and may hold retail space off the market until a national tenant can be found.²²
- **Concern that the formula retail controls are contributing to long-term vacancies and other challenges that some neighborhood commercial districts continue to face even as the city's overall economy has expanded.** While the citywide retail vacancy rate remains very low (estimated at 4.5 percent in the fourth quarter of 2013²³), vacancies are significantly higher in some NCDs. For example, the vacancy rates in the Ocean Avenue NCD and on Geary Boulevard (14th to 28th Avenues) were estimated at 10 percent and 6 percent, respectively in late 2013/early 2014.²⁴ Policymakers have expressed particular concerns over long-term commercial vacancies in some NCDs.²⁵ Real estate brokers report that the formula retail controls make it more difficult to fill vacancies, particularly of large spaces (more than 3,000 square feet). At the same time, some retail districts across the city and the region are finding it increasingly difficult to fill retail space with retail stores (i.e., businesses selling goods directly to consumers) as the number of potential retail tenants has shrunk due to competition with e-commerce and the consolidation of national retail brands. Real estate professionals have noted a local and nationwide shift toward retail uses that do not compete directly with online sales, such as restaurants, grocery stores, other food stores, personal services, tax preparation, automotive services, and dry cleaners.²⁶
- **Growing concern that new retailers – both formula and independent – are increasingly serving a luxury or high-end market and do not serve residents' daily needs.** Stakeholders in some higher-income neighborhoods have observed that long-standing retail uses that once provided affordable goods and services to serve residents' "daily needs" – for example, hardware stores, corner stores, and laundromats – are being replaced by new stores that predominantly sell high-end "comparison goods" such as jewelry, clothes, shoes, and

²² As discussed in Chapter VI, national retailers typically have better credit and can sign longer leases than small, independently owned retailers, reducing the risk to the landlord that the tenant will be unable to pay their rent.

²³ Terranomics, "San Francisco County Retail Report," Fourth Quarter 2013.

²⁴ Sources: OEWD, December 2013; Ocean Avenue Association, February 2014.

²⁵ San Francisco Budget and Legislative Analyst, "Preventing and Filling Commercial Vacancies in San Francisco," August 20, 2013.

²⁶ ChainLinks retail Advisors, *Fall/Winter 2013 Retail Review & Forecast*.

furniture that most households purchase only occasionally (and tend to compare before purchasing). Meanwhile, residents of some lower-income neighborhoods have faced a lack of affordable grocery stores, drug stores, and other daily needs-serving establishments for many years. At a broad level, the shift towards higher-end, comparison shopping stores may in part reflect a regional and national decline in consumer demand from the middle class, accompanied by strong growth in retail sectors serving either the most affluent households or struggling, low-income households.²⁷ More locally, as rents have risen in many of San Francisco's shopping districts, daily needs-serving establishments with relatively low profit margins may not be able to afford the increased rent burden. In other cases, the business owner may retire, sell their building or lease in order to take advantage of high real estate prices, or close shop for other reasons.

- **Concerns about differences in hiring practices and the quality of jobs offered by formula and independent retailers.** San Francisco's residents and elected officials place a high priority on providing high-quality, well-paying jobs that employ a diverse range of residents. Residents and stakeholders have raised concerns about whether formula and independent retailers offer jobs of comparable quality and hire a diverse workforce, and whether the formula retail controls have unintended effects on overall job creation in the city.

In response to these and other concerns, a number of proposals to revise the City's formula retail controls have recently come before the BOS. These legislative proposals include expanding the controls to cover new areas of the city, changing the definition of formula retail in certain geographic areas or citywide, adjusting the criteria for approving a formula retail CU, and changing the notification procedures for CU applications. In addition, the Planning Commission and Board of Appeals have made several recent policy decisions affecting the way the existing formula retail controls are applied.²⁸

Purpose of this Report

In reaction to the multiple legislative proposals related to formula retail, the Planning Commission directed the Planning Department to review and analyze the overall issue of formula retail in San Francisco. The Planning Department selected Strategic Economics to conduct this study, which is intended to provide a comprehensive, data-driven profile of San Francisco's existing formula retail establishments and to address specific economic and land use concerns raised by community members and policymakers. Department staff will draw on the information in this report, public comment, and other sources to determine whether changes to the definition of formula retail, the formula retail CU process, or applicable geographic areas of the City's formula retail controls would improve neighborhood character and economic vitality.

Strategic Economics worked with Planning Department staff to identify the specific issues that are assessed in this study. The Department also convened several focus groups, where stakeholders were asked to provide feedback on potential research topics and preliminary findings. Through this process, the following topics were selected for in-depth analysis:

- The geographic distribution of existing formula retail in San Francisco in relation to formula retail controls, neighborhood demographics, and other local characteristics;
- Characteristics of San Francisco's formula retail establishments (e.g., size of establishments, types of goods sold, headquarters locations) compared to the city's independent retail establishments;
- Employment differences between formula and independent retail;

²⁷ Schwartz, "The Middle Class Is Steadily Eroding. Just Ask the Business World."

²⁸ Chapter II provides a complete list of recently adopted or proposed legislation and policy changes related to formula retail.

- The relationship among formula retail controls, formula retail businesses, and the real estate market;
- The potential impacts of changing the Planning Code's definition of "formula retail" as proposed by several of the ordinances under consideration before the BOS; and
- The functions that formula retail establishments play in different NCDs throughout the city, including formula retail's role in serving the daily needs of residents' as opposed to regional shoppers, and the extent to which formula retail adds or detracts from the aesthetic character and economic vibrancy of the city's NCDs.

Report Organization

The report is organized into the following chapters:

- Chapter I (this introduction) provides background and describes the purpose of this report.
- Chapter II reviews the City's existing and proposed formula retail controls, including the volume and approval rate of formula retail CU applications that have been submitted since the controls went into effect.
- Chapter III assesses the prevalence of existing formula retail establishments in San Francisco and the spatial distribution of formula retail by zoning control and subarea within the city.
- Chapter IV discusses the characteristics of San Francisco's existing formula retail establishments in more detail.
- Chapter V analyzes differences in employment between formula and independent retail, in terms of number of workers employed, wages, and benefits,
- Chapter VI focuses on the relationship among formula retail controls, formula retail businesses, and the real estate market.
- Chapter VII evaluates the potential effect of changing the Planning Code definition of "formula retail."
- Chapter VIII provides case studies of the role that formula retail plays in three of San Francisco's NCDs: Upper Fillmore, Ocean Avenue, and Geary Boulevard (14th to 28th Avenues).
- Chapter IX provides a concluding summary of findings from the analysis.

Appendix A discusses in detail the methodology used to identify and characterize established formula retail establishments. Appendix B provides information on use size controls by zoning district. Appendix C provides the definitions of land uses that Supervisor Eric Mar's proposed legislation would add to the formula retail controls. Appendix D includes additional maps and tables from the analysis of demographic and economic characteristics discussed in Chapter III. Appendix E provides a list of participants who attended the stakeholder focus groups, as well as other individuals interviewed as part of the study.

II. SAN FRANCISCO'S FORMULA RETAIL CONTROLS

This chapter provides additional background on San Francisco's existing formula retail controls and the various legislative and policy changes that have been proposed or adopted in recent months. The chapter also evaluates the volume and approval rate for formula retail conditional use applications, as one indicator of the effect that the controls have had in limiting formula retail in San Francisco's neighborhood commercial districts.

Existing and Proposed Formula Retail Controls

As discussed in Chapter I, the Board of Supervisors adopted San Francisco's first formula retail (FR) use controls in 2004 in a few specific districts. In subsequent years, a number of ordinances expanded the controls to additional districts. In 2007, San Francisco voters approved Proposition G, which requires conditional use (CU) authorizations in all of the city's neighborhood commercial districts.

Today, new formula retail is prohibited or requires CU authorization in much of San Francisco. In addition to these basic controls, additional controls have been enacted in some specific locations, typically in response to concerns regarding over-concentration of certain formula retail uses or the impacts on neighborhood character caused by larger formula retail stores. Figure II-1 shows the locations where formula retail controls are currently in place; Figure II-2 summarizes specific controls that apply only in certain zoning districts (marked in dark orange in Figure II-1).

Under the current Planning Code, "formula retail" is defined as "a type of retail sales activity or retail sales establishment which, along with eleven or more other [i.e., at least 12 total, including the proposed establishment] retail sales establishments located in the United States, maintains two or more of the following features: a standardized array of merchandise, a standardized façade, a standardized décor and color scheme, a standardized uniform, standardized signage, a trademark or a servicemark."²⁹ Use types subject to this definition generally include restaurants, bars, liquor stores, retail stores and service establishments, banks, and movie theaters. Some uses that are often considered retail in other contexts – for example, hair salons, gyms, health care outlets, gas stations, home mortgage centers, tax service centers, and auto dealerships – are not currently subject to San Francisco's formula retail controls. The controls apply only to uses that have sought development approvals since the formula retail controls were enacted; existing formula retail establishments are not subject to new restrictions enacted after a property received entitlements.³⁰

The formula retail controls are one of many land use regulations that the City places on the type, scale, and appearance of retail activities allowed in any given location in San Francisco. For example, in most NCDs, any proposed retail use over a certain size (typically between 2,000 and 4,000 square feet) requires a separate use size CU authorization.³¹ The Planning Code also includes separate provisions for large-scale retail; retail uses over 90,000 square feet in the C-3 zoning districts and 50,000 square feet in all other zoning districts require CU authorization, while retail over 120,000 square feet is generally prohibited.³² Other provisions of the Planning Code regulate the types of retail uses allowed in particular districts, the dimensions of retail buildings, and the size and appearance of retail signage.

In 2013, a number of additional legislative and policy changes to the formula retail controls were proposed or adopted, including proposed ordinances that would modify the definition of formula retail

²⁹ San Francisco Planning Code, Sections 303(i)(1), 703.3, and 803.6(c).

³⁰ "Entitlements" are approvals for the right to develop a property for a desired purpose or use.

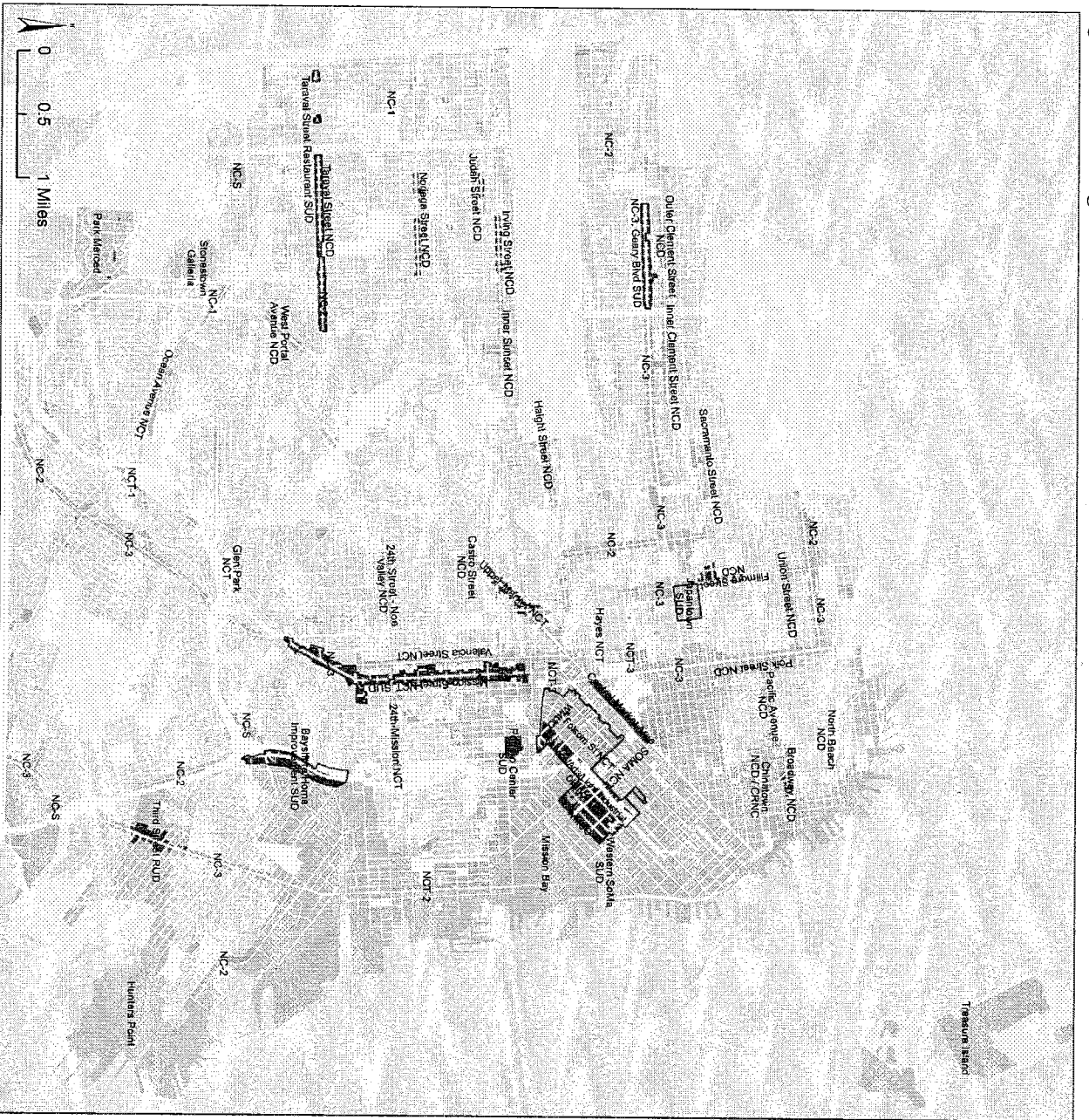
³¹ See Appendix B for additional information on use size controls by zoning district.

³² San Francisco Planning Code, Section 121.6.

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and expand the areas in which controls apply. The various proposed ordinances would expand the formula retail controls to cover new areas of the city; change the definition of formula retail in certain areas or citywide; adjust the criteria for approving formula retail CU applications; and/or expand noticing procedures for CU applications. Figures II-3 and II-4, respectively, provide a map and summary of proposed or recently adopted legislation and policy changes.

Figure II-1. Existing Formula Retail Controls in San Francisco



- New FR Not Permitted
- Specific FR Controls
- New FR Requires CU
- New FR Permitted
- Public or Unknown
- FR-Related Special Use District

FR: Formula Retail
 CU: Conditional Use authorization
 P-zoned districts at times defer to the controls of the nearest Neighborhood Commercial district; see Planning Code Section 234.
 See Figure II-2 for explanation of specific restrictions in individual zoning districts.

Strategic Economics, 2014;
 Data: City and County of
 San Francisco, 2013.

Figure II-2. Summary of Existing Specific Formula Retail Controls Applicable in Individual Zoning Districts

Zoning District	Underlying FR Control	Specific Restriction
Fillmore Street NCD (Upper Fillmore)	FR requires a CU	FR Restaurants and Limited Restaurants not permitted
Broadway NCD	FR requires a CU	FR Restaurants and Limited Restaurants not permitted
Mission Street FR Restaurant SUD	FR requires a CU	FR Restaurants and Limited Restaurants not permitted
Taraval Street Restaurant SUD	FR requires a CU	FR Restaurants and Limited Restaurants not permitted
Geary Boulevard FR Pet Store and Restaurant SUD	FR permitted	FR Pet Supply Store not permitted; Formula Retail Restaurants and Limited Restaurants not permitted
Taraval Street NCD	FR requires a CU	Trade Shops are subject to FR controls
Noriega Street NCD	FR requires a CU	Trade Shops are subject to FR controls
Irving Street NCD	FR requires a CU	Trade Shops are subject to FR controls
WSoMa Mixed-Use Office District (WMUO)	FR requires a CU	FR not permitted if use is over 25,000 square feet
Service/Arts/Light Industrial District (SALI)	FR requires a CU	FR not permitted if use is over 25,000 square feet
Upper Market NCT	FR requires a CU	CU required for Limited Financial Services and Business or Professional Services (18-month interim control)
Central Market Area Bayshore Boulevard Home Improvement SUD	FR permitted	CU required for FR fronting on Market Street between Sixth Street and Van Ness Avenue (18-month interim control)
	FR permitted	FR over 10,000 square feet requires CU
Third Street Formula Retail RUD	Mixed zoning: in some zoning districts within this SUD FR requires CU and in some districts FR is permitted	Any new FR requires CU
Potrero Center Mixed- Use SUD	FR requires a CU	Relieves FR requirements for parcels which would otherwise require a CU

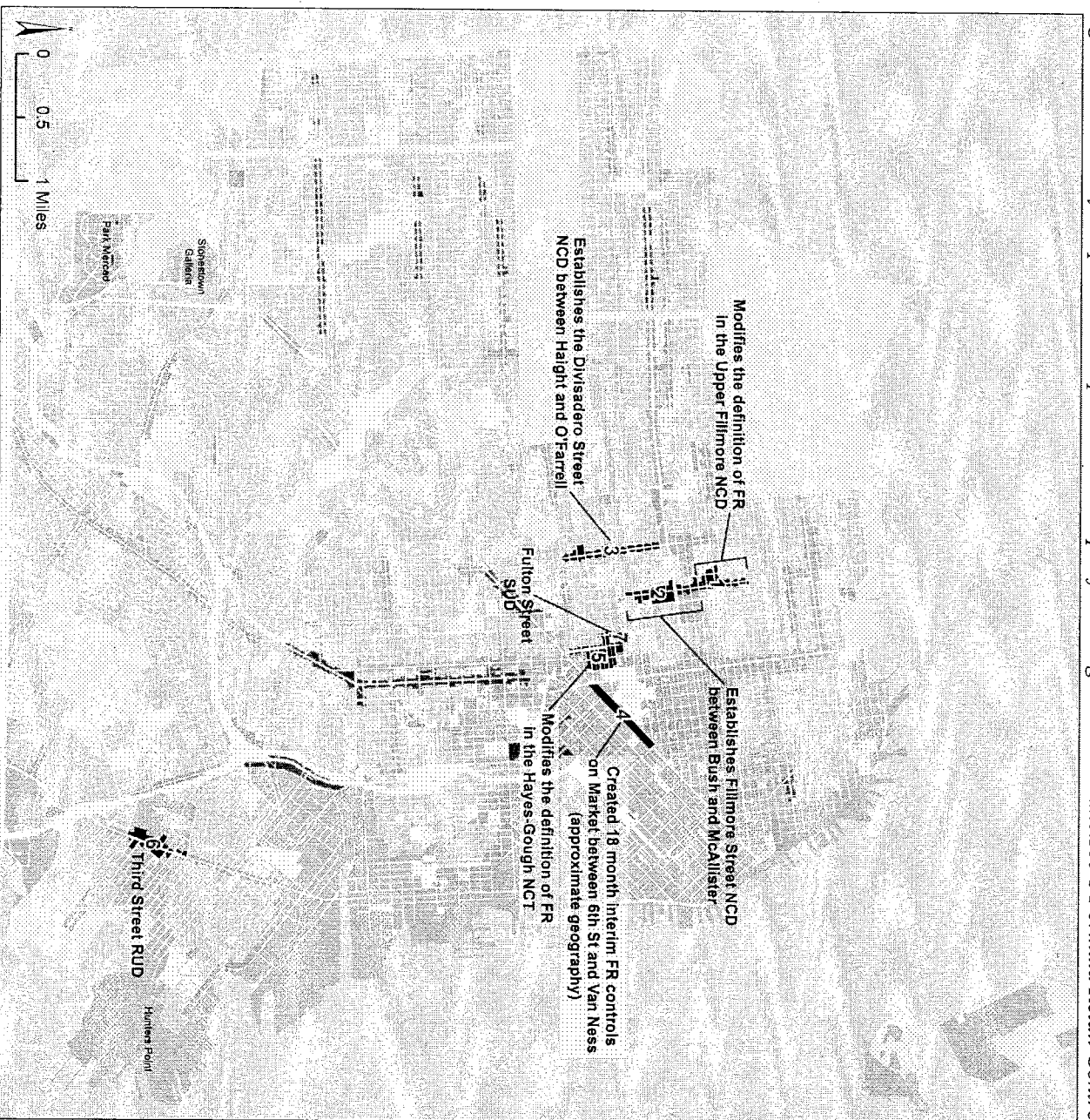
This table summarizes the specific formula retail controls applicable in certain zoning districts, as shown in Figure II-1.

Acronyms:

- FR: Formula retail
- CU: Conditional use authorization
- NCD: Neighborhood Commercial District
- NCT: Neighborhood Commercial Transit District
- SUD: Special Use District
- RUD: Restricted Use District

Source: City and County of San Francisco, 2013.

Figure II-3. Recently Proposed or Adopted Location-Specific Changes to San Francisco's Formula Retail Controls



Board of Supervisors Proposed or Recent Ordinance or Interim Control

Existing Controls:

- New FR Not Permitted
- Specific FR Controls
- New FR Requires CU
- New FR Permitted
- Public or Unknown

FR: Formula Retail
CU: Conditional Use authorization

P-zoned districts at times defer to the controls of the nearest Neighborhood Commercial district; see Planning Code Section 234.

See Figure II-4 for summary of recently proposed or adopted formula retail controls

Figure II-4. Summary of Recently Proposed or Adopted Changes to San Francisco's Formula Retail Controls

Map Key (a)	Legislative or Policy Change	Type of Action	Status
1	Modification to the definition of formula retail in the Upper Fillmore Neighborhood Commercial District (NCD) to include retail with 11 or more establishments anywhere in the world, and establishments where 50% or more of stock, shares, etc. are owned by a formula retail use.	BOS Ordinance (Farrell)	Pending committee action
2	Establishment of the Fillmore Street Neighborhood Commercial District (NCD) between Bush and McAllister Streets. The proposal seeks to weight the community voice over other considerations, generally weight the hearing toward disapproval, legislate a requirement for pre-application meeting (which is already Planning Commission policy), and codify criteria for approval related to the concentration of existing formula retail.	BOS Ordinance (Breed)	Referred to Planning Department; Planning Commission recommended further study
3	Establishment of the Divisadero Street Neighborhood Commercial District (NCD) between Haight and O'Farrell Streets. The proposal seeks to weight the community voice over other considerations, generally weight the hearing toward disapproval, legislate a requirement for pre-application meeting (which is already Planning Commission policy), and codify criteria for approval related to the concentration of existing formula retail.	BOS Ordinance (Breed)	Referred to Planning Department; Planning Commission recommended further study
4	Establishment of 18-month interim controls on Market Street between Sixth Street and Van Ness Avenue (the Central Market area). A conditional use authorization is required for any formula retail fronting on Market Street in this area.	BOS Ordinance (Kim)	Enacted; expires February 2015
5	Modification of the definition of formula retail in the Hayes-Gough Neighborhood Commercial Transit District (NCT) to include retail with 11 or more establishments anywhere in the world, and establishments where 50% or more of stock, shares, etc. are owned by a formula retail use.	BOS Ordinance (Breed)	Referred to Planning Department; Planning Commission recommended further study
6	Modification of zoning controls in the Third Street Formula Retail Restricted Use District (RUD) and expansion of applicability of formula retail controls citywide. This mixed-use district had some parcels where CU was not required for formula retail. Now all parcels in this RUD require CU for the establishment of CU. Certain changes to existing entitled formula retail locations citywide now trigger the need for a new CU hearing.	BOS Ordinance (Cohen)	Enacted
7	Creation of the Fulton Grocery Special Use District (SUD). The Planning Commission recently recommended this SUD, which would create an exception to the current prohibition on formula retail in the Hayes Gough NCT so as to allow the Commission to consider a formula retail grocer by CU.	BOS Ordinance (Breed)	Pending committee action on formula retail change
N/A	Expansion of the citywide definition of formula retail to include businesses that have 11 or more outlets worldwide, and to include businesses that are at least 50% owned by a formula retail business; expands application to other types of retail uses (e.g., "Adult Entertainment," "Automobile Service Station," "Hotel, Tourist," "Tobacco Paraphernalia Establishment"); requires the Planning Commission to consider economic impact on other businesses in the area as part of the CU process; expands noticing procedures for formula retail applications.	BOS Ordinance (Mar)	Pending committee action

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Map Key (a)	Legislative or Policy Change	Type of Action	Status
N/A	Creation of the first quantitative basis for evaluating concentration of formula retail in the Upper Market Neighborhood Commercial District and Neighborhood Commercial Transit District. Planning Department staff will recommend disapproval of any project that brings the concentration of formula retail within 300 feet of the subject property to 20% or greater of total linear store frontage.	Planning Commission Policy	Adopted
N/A	Board of Appeals ruling. Established that if a company has signed a lease for a location (even if the location is not yet occupied), the lease counts toward the 11 establishments needed to be considered formula retail.	Board of Appeals ruling	
N/A	Amendment of the San Francisco Public Works code to restrict food trucks that are associated with formula retail establishments. For this restriction, the formula retail definition includes "affiliates" of formula retail restaurants, which includes an entity that is owned by or has a financial or contractual agreement with a formula retail use.	BOS Ordinance (Wiener)	Passed

(a) See Figure II-3.

Acronyms:

BOS: Board of Supervisors

CU: Conditional use authorization

N/A: Not applicable

Source: City and County of San Francisco, 2013.

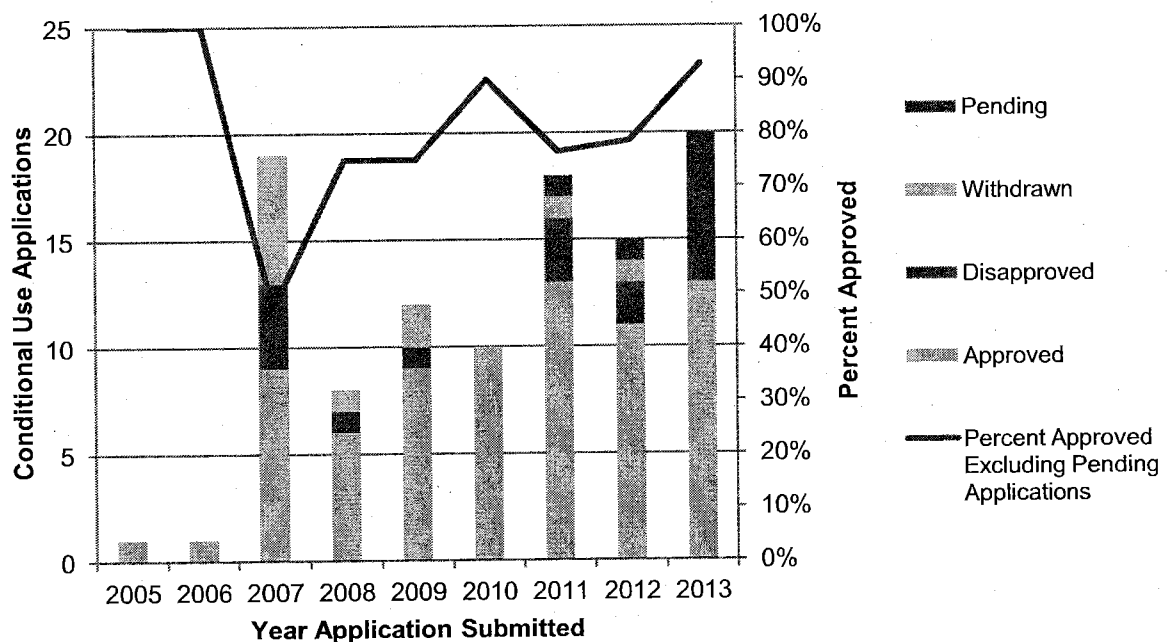
Formula Retail Conditional Use Applications

San Francisco's formula retail CU process is intended to allow the Planning Commission to determine whether each formula retail applicant is necessary, desirable, and consistent with the general character of the neighborhood. This discretionary determination is informed by public comment generated by required neighborhood notifications. Each formula retail applicant in neighborhoods with controls in place must prove to the Commission that the specific business will improve the neighborhood. In making this determination, the Commission is required to consider the following five criteria:

1. The existing concentrations of formula retail uses within the district.
2. The availability of other, similar retail uses within the district.
3. The compatibility of the proposed formula retail use with the existing architectural and aesthetic character of the district.
4. The existing retail vacancy rates within the district.
5. The existing mix of citywide-serving retail uses and neighborhood-serving retail uses within the district.

The Planning Department has received approximately 100 formula retail conditional use applications since the formula retail regulations went into effect. Figure II-5 shows formula retail CU applications by year filed and action taken. Figure II-6 provides a map of formula retail CU applications by status. Key findings are as follows.

Figure II-5. Formula Retail Conditional Use Applications by Year Application Was Filed and Action Taken, 2004-January 2014



Sources: City and County of San Francisco, 2013; Strategic Economics, 2014.

Conditional use activity has varied significantly over time, following broader economic trends. In 2007, the first year that CU authorizations were required for formula retail in most neighborhoods, 19 formula retail CU applications were filed with the Planning Department (Figure II-5). During the nationwide recession between 2008 and 2010, formula retail CU applications fell to between 8 and 12 a

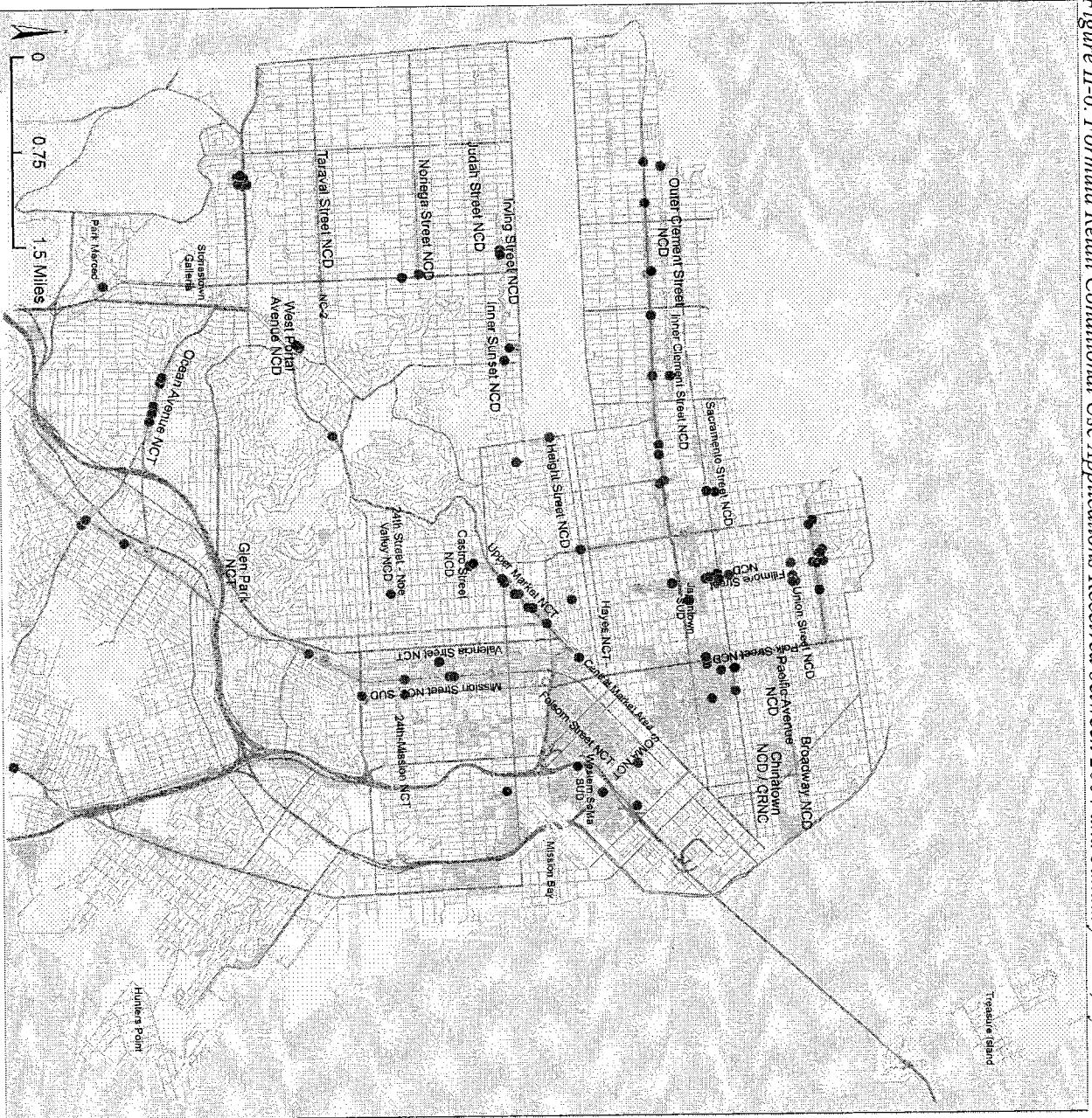
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year. As the economy has recovered, so have the number of formula retail CU applications. In 2013, the Planning Department received 20 applications, an all-time high. Six of these (30 percent) have not yet been resolved.

Excluding pending applications, 75 percent of all formula retail CU applications have been approved. However, the approval rate varies from year to year. As shown in Figure II-5, fewer than half of formula retail CU applications that were submitted in 2007 were eventually approved. Since then, 75 percent or more of applications have been approved every year. Although the number of CU applications appears to correlate with broader economic conditions, the approval rate does not.

The general decline in applications and higher approval rate since 2007 may reflect self-selection on the part of formula retailers. The decline in applications and increase in approval rates suggests that formula retailers have become more selective in submitting CU applications since the controls first went into effect in most neighborhoods. According to real estate brokers, many formula retailers will not propose a new location in San Francisco's neighborhood commercial districts unless they feel at least somewhat confident that their CU application is likely to be approved. Some formula retailers are reportedly unwilling to consider locations in San Francisco's neighborhood commercial districts at all. To the extent that the formula retail CU process discourages formula retailers from considering locations in districts with controls, the CU application and approval rates may under represent the impact of the controls in reducing the prevalence of formula retail.

Figure II-6. Formula Retail Conditional Use Applications Received between 2004 and January 2014, by Action Taken



Strategic Economics, 2014;
Data: City and County of
San Francisco, 2013.

III. SAN FRANCISCO'S FORMULA RETAIL: HOW MUCH IS THERE AND WHERE IS IT LOCATED?

Using data purchased by the City and County of San Francisco from Dun & Bradstreet (D&B), a commercial vendor, Strategic Economics identified, mapped, and analyzed existing retailers that would most likely be considered "formula retail" if the businesses were to propose a new location in San Francisco today.³³ (As described in Chapter II, the City's formula retail controls apply only to applicants seeking to establish a new retail location in certain districts, not to existing outlets.)

This chapter describes key findings from this analysis, which provided a broad look at the prevalence of formula and independent retail in San Francisco by type, and the spatial distribution of formula and independent retail by zoning control and subarea within the city. The chapter also evaluates formula retail conditional use applications by geographic subarea. The analysis presented in this chapter was intended to answer questions such as:

- How much formula retail does San Francisco already have, and of what type?
- How does the concentration of formula retail vary across San Francisco? Understanding the existing concentration of formula retail in different parts of the city may provide some baseline for making future decisions about appropriate concentration levels.³⁴
- Is formula retail less prevalent in neighborhood commercial districts and other zoning districts where formula retail controls are in place?
- In addition to the controls, what other factors might contribute to the spatial distribution of formula retail? For example, how does the prevalence of formula retail correspond with population and employment density, resident incomes, visitor traffic, regional access, and other factors that retailers typically consider in determining where to locate?
- Which parts of the city have attracted the most formula retail conditional use applications, and how do formula retail CU approval rates vary within the city?

Information presented in subsequent chapters is also relevant to many of these questions. Chapter IV provides a more in-depth look at other characteristics of San Francisco's existing formula retail establishments, including square footage, headquarters location, and the number of outlets in formula retail chains. Chapter VIII provides three case studies that explore in more detail the functions that formula retail establishments play in different neighborhood commercial districts, including formula retail's role in serving the daily needs of residents' as opposed to regional shoppers, and the extent to which formula retail adds or detracts from aesthetic character and economic vibrancy.

Prevalence of Formula Retail in San Francisco

Key findings from the citywide analysis are described below.

There are approximately 1,250 formula retail establishments in San Francisco, accounting for 12 percent of all retailers. These are retail establishments that, if they were to propose a new location in San Francisco today, would most likely be considered formula retailers. Formula retail occupies an estimated

³³ Appendix A provides a complete description of the methodology used to conduct the analysis and limitations associated with the data.

³⁴ The existing concentration of formula retail uses within a district is one of the criteria that the Planning Commission is required to consider in hearing a request for a formula retail CU authorization, but concentration levels have been interpreted differently in different places. The Planning Commission recently created the first quantitative measure of formula retail concentration in Upper Market, and some of the legislation before the Board of Supervisors would codify a quantitative measure of concentration.

11.2 million square feet of building area, accounting for 31 percent of San Francisco's retail square footage. Figure III-1 shows the total number of formula and independent retail establishments and square feet by use type.

In contrast, 32 percent of all retail establishments in the U.S. are associated with firms that include 10 or more outlets.³⁵ This national average is calculated from the 2007 Economic Census, and does not exactly match San Francisco's definition of formula retail or the methodology used to identify formula retail in this analysis. Despite these caveats, however, formula retail appears to be significantly less prevalent in San Francisco when compared to the national average.

Stores account for the majority of San Francisco's formula retail, followed by restaurants, bars, and cafés. Nearly 60 percent of the city's formula retail establishments are stores, defined as establishments that sell goods to the public (e.g., groceries, auto parts, pet supplies, jewelry, etc.). Twenty-three percent are restaurants, bars, or cafés, and 18 percent are banks, credit unions, or savings and loans (Figure III-1). The remaining two percent are retail services, a category that includes copy centers, pet care (excluding veterinary) services, laundromats, and dry cleaners. In comparison, 69 percent of San Francisco's independent retail establishments are stores, 25 percent are restaurants, 6 percent are retail services, and less than 1 percent are financial services. The distribution of formula and independent uses is similar on a square footage basis.

Banks, credit unions, and savings and loans make up less than 20 percent of the city's total formula retail establishments, but more than 80 percent of all banking establishments are formula retailers. There are approximately 260 retail banks, credits unions, and savings and loans in San Francisco, of which 220 are formula retail (Figure III-1).

Figure III-1. Formula and Independent Retail by Use Type: Number of Establishments and Square Feet

Use Type	Formula Retail	% of Total Formula Retail	Independent Retail	% of Total Independent Retail	Formula Retail as a % of All Retail
Number of Establishments					
Stores	720	58%	6,500	69%	10%
Restaurants & Bars	280	23%	2,350	25%	11%
Retail Services	30	2%	590	6%	4%
Banks, Credit Unions, S&L	220	18%	40	0%	84%
Total	1,250	100%	9,480	100%	12%
Square Feet					
Stores	6,880,200	61%	15,320,700	63%	31%
Restaurants & Bars	1,911,600	17%	7,428,200	30%	20%
Retail Services	230,600	2%	1,436,900	6%	14%
Banks, Credit Unions, S&L	2,179,800	19%	189,000	1%	92%
Total	11,202,100	100%	24,374,800	100%	31%

Acronyms: S&L: Savings and loans

Columns may not add due to rounding.

Sources: Dun & Bradstreet, 2012; Strategic Economics, 2014. Based on Dun & Bradstreet business data that have not been independently verified; all numbers are approximate.

³⁵ U.S. Census Bureau, "Table EC0744SSSZ3: Retail Trade: Subject Series - Estab and Firm Size: Summary Statistics for Single Unit and Multiunit Firms for the United States: 2007," 2007 Economic Census. Includes all retail trade establishments (NAICS codes 44-45).

The most common types of formula retail stores in San Francisco include apparel and accessories stores, pharmacies, specialized retail stores, other health and personal care stores, electronics and appliance stores, and supermarkets and other grocery stores. Figure III-2 shows the most common types of formula and independent retail stores (i.e., businesses that sell goods to the public) in San Francisco, by number of establishments and square feet. "Specialized retail stores" include produce, auto parts, pet supply, office supply, and gift stores; the "other health and personal care" category includes cosmetic and beauty stores, eyeglass stores, and health food/supplement stores. Note that while these are the most common types of formula retail stores, there are many more independent retailers than formula retailers of each type. For example, the 240 apparel and accessory formula retail stores account for just 15 percent of all apparel and accessory retailers in the city. Formula retail accounts for the highest percentage of stores in the pharmacy and drug store (49 percent), other health and personal care store (20 percent), apparel and accessories (15 percent), and electronics and appliance (15 percent) categories.

The most common types of independent stores are specialized retail stores; apparel and accessories stores; supermarkets and other grocery stores; sporting goods, hobby, books, and music stores; and furniture and home furnishings stores.

Figure III-2. Most Common Types of Formula and Independent Retail Stores in San Francisco

Most Common Types of Formula Retail Stores		Number of Stores	% of All Stores in Category	Square Feet	% of All Square Feet in Category
1	Apparel & Accessories	240	15%	2,150,400	41%
2	Pharmacies & Drug Stores	90	49%	937,600	81%
3	Other Specialized Retail Stores	70	4%	666,100	15%
4	Other Health & Personal Care Stores	60	20%	375,400	39%
5	Electronics & Appliances	60	15%	459,300	37%
6	Supermarkets & Other Grocery Stores	50	7%	745,800	29%
7	Furniture & Home Furnishings	30	7%	626,500	35%
8	Other Food Stores	30	8%	145,600	16%
9	Convenience & Liquor Stores	30	10%	76,900	13%
10	Building Materials & Garden Supplies	30	9%	146,100	16%
Most Common Types of Independent Retail Stores		Number of Stores	% of All Stores in Category	Square Feet	% of All Square Feet in Category
1	Other Specialized Retail Stores	1,700	96%	3,819,200	85%
2	Apparel & Accessories	1,410	85%	3,037,300	59%
3	Supermarkets & Other Grocery Stores	710	93%	1,793,300	71%
4	Sporting Goods, Hobby, Book, Music	680	97%	1,623,300	92%
5	Furniture & Home Furnishings	430	93%	1,176,100	65%
6	Other Food Stores	340	92%	768,400	84%
7	Electronics & Appliances	310	85%	793,600	63%
8	Building Materials & Garden Supplies	270	91%	770,000	84%
9	Other Health & Personal Care Stores	260	80%	598,200	61%
10	Convenience & Liquor Stores	250	90%	530,700	87%

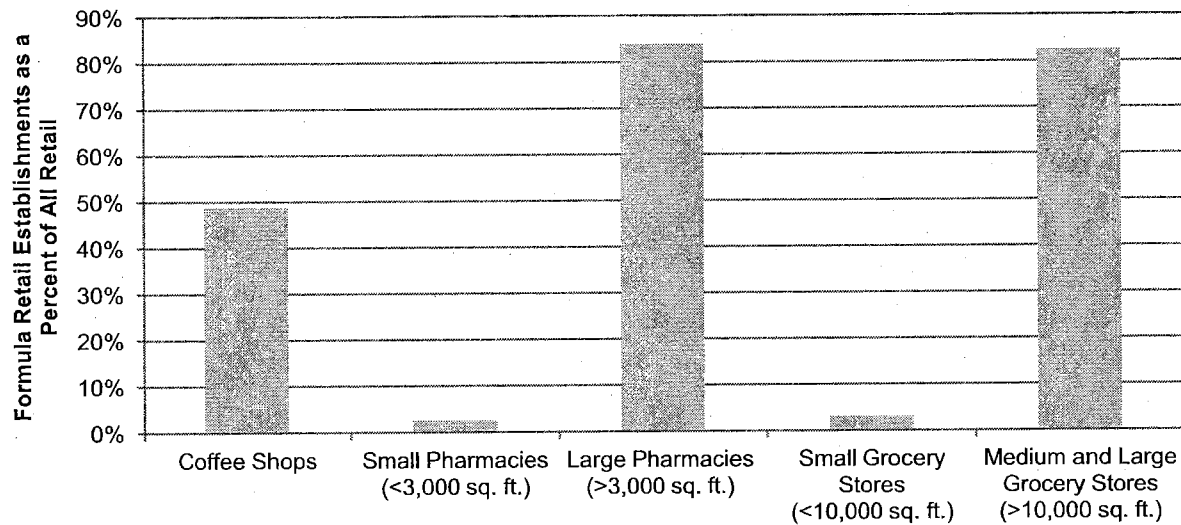
"Other specialized retail stores" include produce, auto parts, pet supply, office supply, gift stores, florists, and others.

"Other health and personal care stores" include cosmetic and beauty stores, eyeglass stores, and health food/supplement stores.

Sources: Dun & Bradstreet, 2012; Strategic Economics, 2014. Based on Dun & Bradstreet business data that have not been independently verified; all numbers are approximate.

Within the broad categories of business establishments, there is significant variation in the prevalence of formula retail. For example, Figure III-3 shows formula retail establishments as a percent of all retail establishments for coffee shops, pharmacies, and grocery stores. While 11 percent of all restaurants are formula retail, 49 percent of all coffee shops are formula retail. For supermarkets and pharmacies, the prevalence of formula retail varies significantly by size of establishment. The vast majority of pharmacies over 3,000 square feet and supermarkets over 10,000 square feet are formula retailers, while smaller establishments are much more likely to be independent retailers.

Figure III-3. Formula Retail as a Percent of All Retail in Category: Coffee Shops, Pharmacies, and Grocery Stores



Acronyms:

sq. ft.: Square feet

Sources: Dun & Bradstreet, 2012; Strategic Economics, 2014. Based on Dun & Bradstreet business data that have not been independently verified; all numbers are approximate.

The Spatial Distribution of Formula Retail

The prevalence of formula retail varies significantly not only by type of use, but also by location within the city. In general, retail establishments – whether formula or independent – tend to cluster in concentrated nodes with high customer traffic, good visibility, and easy vehicle and pedestrian access. A concentration of retail activity creates a destination that offers variety and selection, attracting more shoppers. In addition to providing critical mass, successful shopping districts are often anchored by a large, name-brand retailer (such as a grocery store, major pharmacy, or department store) that drives business to smaller retailers in the same district. A cluster of similar businesses, such as restaurants or clothing boutiques, can also act as an anchor. In addition to the characteristics of the shopping district, retailers also typically consider neighborhood population and employment density, resident incomes, other demographic characteristics, and visitor traffic in selecting their locations.

This section explores the spatial distribution of formula retail in order to understand how the concentration of retail – and specifically formula retail – varies across San Francisco in relation to factors such as the presence of formula retail controls and demographic and employment characteristics. Because San Francisco has over 100 separate zoning districts and dozens of distinct neighborhoods – including approximately two dozen named neighborhood commercial districts (NCDs) and neighborhood commercial transit districts (NCTs) – it was not possible to study the concentration of formula retail for each potentially relevant geographic area. Instead, Strategic Economics worked with City staff to identify

four zoning district categories based on where formula retail is subject to controls and the predominant types of use allowed (commercial/mixed-use, residential, or industrial), and nine geographic subareas that broadly reflect the mix of zoning districts, existing land use characteristics, market conditions, and demographic characteristics in different parts of San Francisco.³⁶

The methodology and key findings from the zoning district and geographic subarea analyses are described below.

Formula and Independent Retail by Zoning District Category

Figure III-4 shows formula and independent retail – including number of establishments and total square feet – by zoning district category. The four zoning district categories are:

- Commercial/mixed-use (MU) zoning districts with formula retail controls: Includes all of the City's NCDs, as well as other predominantly commercial or mixed-use districts where formula retail either is not permitted or requires a conditional use authorization.³⁷
- Commercial/MU zoning districts with no formula retail controls: Includes the City's community business (C-2) and downtown commercial (C-3) districts, as well as other predominantly commercial or mixed-use districts where formula retail is permitted without conditional use authorization.³⁸ Generally, this category includes most of the Financial District and the waterfront, as well as Stonestown Galleria, Park Merced, Mission Bay, and Hunters Point.
- Industrial zoning districts with no formula retail controls: Includes the heavy commercial (C-M), light industrial (M-1), and heavy industrial (M-2) districts, as well as all production, distribution, and repair (PDR) districts.³⁹ Formula retail is permitted without a conditional use authorization in these districts.
- Residential zoning districts with formula retail controls: Includes the City's predominantly residential districts.⁴⁰ Formula retail is not permitted in these districts.

Key findings from the zoning district analysis are described below.

In commercial/mixed-use zoning districts, formula retail is much less concentrated in districts that have controls in place than in districts that do not. Formula retailers account for 10 percent of the retail establishments and 24 percent of the retail square feet in commercial/MU districts with controls in place. In comparison, 25 percent of the retail establishments and 53 percent of the retail square feet in commercial/MU districts without controls are formula retail (Figure III-4).

Likewise, commercial/mixed-use zoning districts with controls in place have many more independent retailers than districts without controls. As shown in Figure III-4, commercial/MU districts with formula retail controls have approximately the same number of formula retailers (about 600) as commercial/MU districts with no controls. However, the former districts have many more independent

³⁶ An early version of the geographic subarea analysis used the City's eleven Supervisorial Districts as the basis for analysis, to reflect the nature of the legislative proposals related to formula retail. However, feedback from the stakeholder focus groups indicated that the Supervisorial Districts were not the most relevant unit of analysis, so the subareas were revised to better reflect the city's neighborhoods and retail market conditions.

³⁷ In addition to all NCDs, this category includes the following districts: CCB, CRNC, CVR, MUG, RC-3, RC-4, RCD, RED-MX, SALI, UMU, WMUG, WMUO, the Japantown SUD, the Western SoMa SUD, and the Bayshore Boulevard Home Improvement SUD.

³⁸ In addition to all C-2 and C-3 districts, this category includes the Hunters Point, Mission Bay, and Park Merced districts as well as MUO, MUR, RH DTR, RSD, SB-DTR, SLI, SPD, SSO, TB DTR, and UMU.

³⁹ With the exception of that part of the PDR-2 district that falls within the Bayshore Boulevard Improvement SUD.

⁴⁰ Includes RH-1, RH-2, RH-3, RM-1, RM-2, RM-3, RM-4, RTO, RED, and RTO-M districts.

retailers (5,240 establishments, occupying an estimated 13.5 million square feet) compared to the districts without controls (1,880 establishments, or 5.4 million square feet). As a result, formula retailers account for a much lower percentage of retail establishments in commercial/MU districts with controls than in those districts without controls.

There are very few formula retail establishments in industrial and residential zoning districts. Formula retail accounts for only six percent of all retail establishments in industrial zoning districts and two percent of all retail establishments in residential zoning districts (Figure III-4).

The relatively low concentration of formula retail in zoning districts with controls may reflect the influence of the City's formula retail controls, as well as other factors. Other factors that could affect the concentration of formula retail in different zoning districts include the prevalence of formula retail before the controls went into effect and the different retail markets that various commercial districts serve.

Figure III-4. Formula and Independent Retail by Zoning District: Number of Establishments and Square Feet

Zoning District Categories	Formula Retail	% of Total Formula Retail	Independent Retail	% of Total Independent Retail	Formula Retail as a % of All Retail
Number of Establishments					
Commercial/MU With FR Controls	570	46%	5,240	55%	10%
Commercial/MU No FR Controls	620	49%	1,880	20%	25%
Industrial No FR Controls	20	2%	370	4%	6%
Residential With FR Controls	40	3%	1,980	21%	2%
Total (All Districts)	1,250	100%	9,470	100%	12%
Square Feet					
Commercial/MU With FR Controls	4,243,600	38%	13,458,700	55%	24%
Commercial/MU No FR Controls	6,076,200	54%	5,395,400	22%	53%
Industrial No FR Controls	190,900	2%	1,267,300	5%	13%
Residential With FR Controls	691,500	6%	4,253,300	17%	14%
Total (All Districts)	11,202,100	100%	24,374,900	100%	31%

Acronyms:

MU: Mixed-use

FR: Formula retail

Columns may not add due to rounding.

Sources: Dun & Bradstreet, 2012; Strategic Economics, 2014. Based on Dun & Bradstreet business data that have not been independently verified; all numbers are approximate.

Formula and Independent Retail by Geographic Subarea

Figure III-5 shows the geographic subareas that were defined for the purposes of this analysis. The subareas were intended to generally reflect the mix of zoning districts, existing land use characteristics, market conditions, and demographic characteristics in different parts of the city, and do not reflect specific Planning Department boundaries or other City policy.⁴¹

The subarea analysis is based on a series of maps, tables, and charts that illustrate the following factors:

- Number of retail establishments per 1,000 residents (Figure III-6).
- Prevalence of formula and independent retail by geographic subarea (Figure III-7) and zoning district category (Figure III-8).
- Concentration of formula retail, measured as formula retail establishments as a percentage of total retail establishments per square mile (Figure III-9).
- Formula retail conditional use applications by geographic subarea (Figure III-10).
- Spatial distribution of selected retail types – grocery stores, restaurants and bars, and apparel and accessories stores – that exemplify different retail location patterns (Figures III-11, III-12, and III-13).

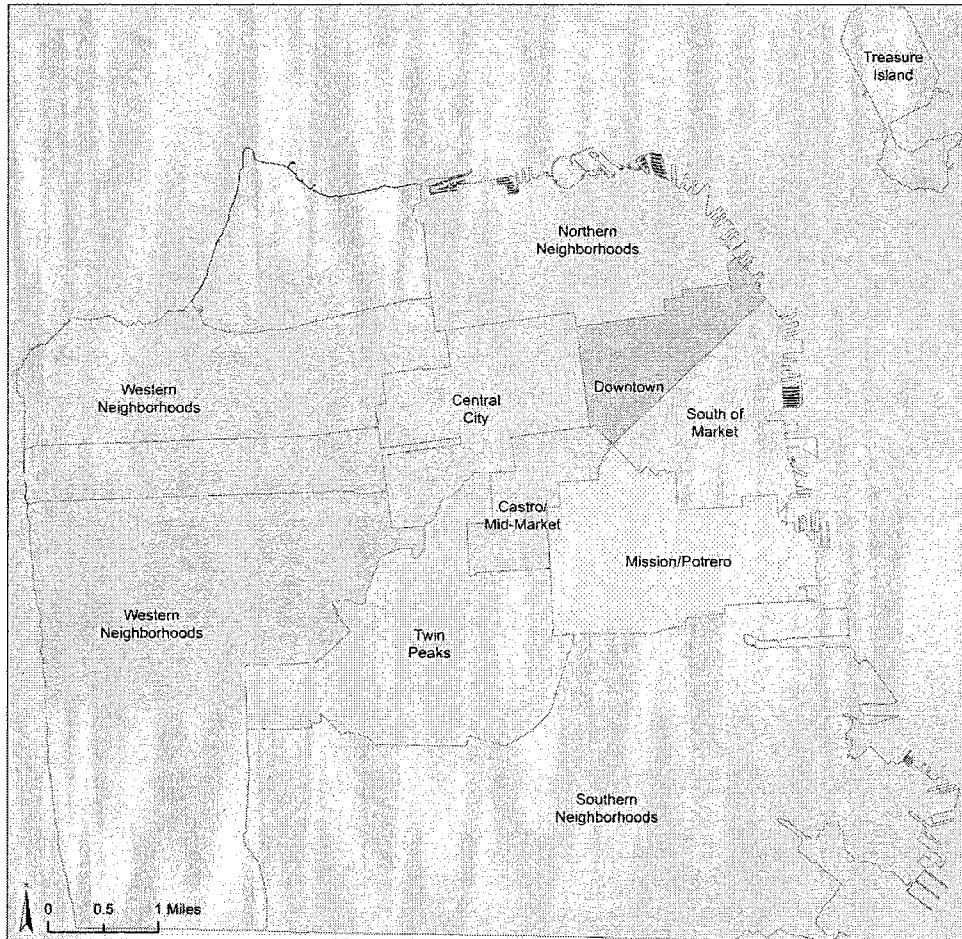
This section also incorporates information on population and employment density, resident incomes, and visitor traffic (as indicated by density of hotels).⁴² Appendix D provides the complete set of demographic and employment maps and tables prepared for this analysis, along with maps of total existing retail establishments (formula and independent) per square mile and formula retail establishments per square mile. In addition to this data analysis, the section also incorporates qualitative findings drawn from discussions with stakeholders and Strategic Economics' understanding of the San Francisco retail market.

Key findings are described below in three sub-sections that respectively discuss the concentration of retail and prevalence of formula retail by subarea, formula retail conditional use authorizations by subarea, and the special distribution of selected retail types.

⁴¹ Treasure Island was excluded from the subarea analysis because there are no formula retail establishments on the island.

⁴² The case studies in Chapter VIII explore a wider range of demographic factors in more detail.

Figure III-5. Geographic Subareas



Strategic Economics, 2014.

Data: City and County of San Francisco, 2013.

Concentration of Retail and Prevalence of Formula Retail by Geographic Subarea

The following findings discuss the concentration of retail and prevalence of formula retail by subarea, in relation to factors such as population and employment density, resident income, visitor traffic, and the presence of formula retail controls. These demographic and neighborhood characteristics are factors that retailers often consider in selecting locations, and therefore help explain why formula retail is more concentrated in some locations than in others.

Downtown has a large total amount of retail and a significantly higher concentration of formula retail compared to the other subareas. Downtown has an average of 48 total retail establishments per 1,000 residents (Figure III-6), reflecting the many non-resident workers,⁴³ regional shoppers, and tourists that this subarea attracts as San Francisco's central business district and a "regional center for comparison shopper retailing and direct consumer services."⁴⁴ Consistent with the City's vision of Downtown as a regional shopping destination, larger use sizes (up to 90,000 square feet in the C-3 District) are permitted than in the NCDs, and formula retail is not subject to controls in most parts of the subarea.

⁴³ 67 percent of Downtown workers commute in from outside of San Francisco, significantly higher than the citywide average (59 percent of all workers employed in San Francisco live outside the city).

⁴⁴ San Francisco Planning Code, Section 210.3. C-3 Districts: Downtown Commercial.

Downtown also has a particularly high concentration of formula retail, accounting for 22 percent of all retail establishments – more than twice the percentage in any other subarea (Figure III-7). In keeping with the absence of formula retail controls in this subarea, 90 percent of formula retail establishments are located in commercial/MU districts with no controls (Figure III-8). Within Downtown, formula retail is particularly highly concentrated in regional shopping and entertainment destinations such as Union Square, the Westfield Centre, the Financial District, and the waterfront (Figure III-9).

Like Downtown, South of Market (SoMa) has a relatively large amount of retail compared to the subarea's population, and a high share of formula retail establishments. After Downtown, SoMa has the second highest ratio of retail to population, at 23 retail establishments per 1,000 residents (Figure III-6). The significant amount of retail in SoMa may reflect residents' high incomes (the average household income in SoMa is \$139,890, compared to the citywide average of \$107,560). SoMa also attracts visitors to attractions such as AT&T Park and the Yerba Buena Center. Formula retail accounts for 12 percent of all retail establishments in SoMa, more than all other subareas except Downtown and the Western Neighborhoods (Figure III-7). In addition to the demographics and visitor attractions, formula retailers may also be drawn to parts of this subarea that are characterized by the availability of large, modern storefronts with off-street parking and convenient freeway and transit access. Most of the commercial areas in SoMa are not subject to formula retail controls, and some of the controls that are in place were implemented as recently as 2013. Slightly more than half (56 percent) of formula retail in the subarea is located in zoning districts with no controls (Figure III-8).

The Northern Neighborhoods subarea has the highest total number of retailers, reflecting this subarea's high population density, high household incomes, and significant visitor traffic. As shown in Figure III-6, the Northern Neighborhoods have the most total retail establishments in the city (2,250), or 21 retail establishments per 1,000 residents. Retailers are likely attracted to this subarea's high population density (49 persons per acre, compared to an average of 31 persons per acre for the city as a whole), high average household income (\$124,150, compared to \$107,560 for the city overall), and significant visitor traffic (the Northern Neighborhoods have the second highest number of hotels in the city, after Downtown).

Figure III-6. Total Retail Establishments per 1,000 Residents

	Total Retail Establishments	Total Population	Total Retail Establishments per 1,000 Residents
Downtown	1,970	41,009	48
Northern Neighborhoods	2,250	106,816	21
Western Neighborhoods	1,730	184,950	9
South of Market	700	30,026	23
Southern Neighborhoods	1,190	199,097	6
Central City	930	70,162	13
Mission/Potrero	970	56,381	17
Castro/Mid-Market	470	31,313	15
Twin Peaks	480	58,680	8
Total	10,730	806,149	13

Columns may not add due to rounding.

Sources: Dun & Bradstreet, 2012; U.S. Census Bureau, 2008-2012 American Community Survey; Strategic Economics, 2014. Based on Dun & Bradstreet business data that have not been independently verified; all numbers are approximate.

Figure III-7. Formula and Independent Retail by Geographic Subarea: Number of Establishments and Square Feet, 2012

Subareas	Formula Retail	% of Total Formula Retail	Independent Retail	% of Total Independent Retail	Formula Retail as a % of All Retail
Number of Establishments					
Downtown	430	34%	1,540	16%	22%
Northern Neighborhoods	220	18%	2,030	21%	10%
Western Neighborhoods	210	17%	1,520	16%	12%
South of Market	80	7%	620	7%	12%
Southern Neighborhoods	80	6%	1,110	12%	7%
Central City	70	6%	860	9%	8%
Mission/Potrero	60	5%	910	10%	6%
Castro/Mid-Market	40	3%	430	5%	9%
Twin Peaks	40	3%	440	5%	8%
Total (All Subareas)	1,250	100%	9,480	100%	12%
Square Feet					
Downtown	4,409,300	39%	4,160,200	17%	51%
Northern Neighborhoods	1,902,600	17%	5,160,500	21%	27%
Western Neighborhoods	1,622,800	14%	3,633,200	15%	31%
South of Market	891,700	8%	1,873,400	8%	32%
Southern Neighborhoods	639,500	6%	2,754,600	11%	19%
Central City	525,300	5%	2,168,500	9%	20%
Mission/Potrero	497,300	4%	2,415,800	10%	17%
Castro/Mid-Market	373,600	3%	1,158,600	5%	24%
Twin Peaks	326,900	3%	999,000	4%	25%
Total (All Subareas)	11,202,100	100%	24,374,800	100%	31%

Columns may not add due to rounding.

Sources: Dun & Bradstreet, 2012; Strategic Economics, 2014. Based on Dun & Bradstreet business data that have not been independently verified; all numbers are approximate.

While the Northern Neighborhoods subarea has a high number of total retail establishments, formula retail accounts for a slightly lower-than-average percentage of all retail in this subarea. Formula retail accounts for 10 percent of all the retail establishments in the Northern Neighborhoods, slightly lower than the citywide average of 12 percent (Figure III-7). However, there are specific locations within the Northern Neighborhood where formula retail is more concentrated. About 40 percent of formula retail in the Northern Neighborhood is located in places without controls (Figure III-8), mainly at well-known, waterfront tourist destinations such as Ghirardelli Square and Fisherman's Wharf. Certain neighborhood commercial districts such as Lombard Street, Union Street, Polk Street, and Upper Fillmore also have slightly above average concentrations of formula retail (Figure III-9). These NCDs serve neighborhoods with particularly high population densities and average resident incomes, and are also increasingly becoming known as regional shopping destinations.

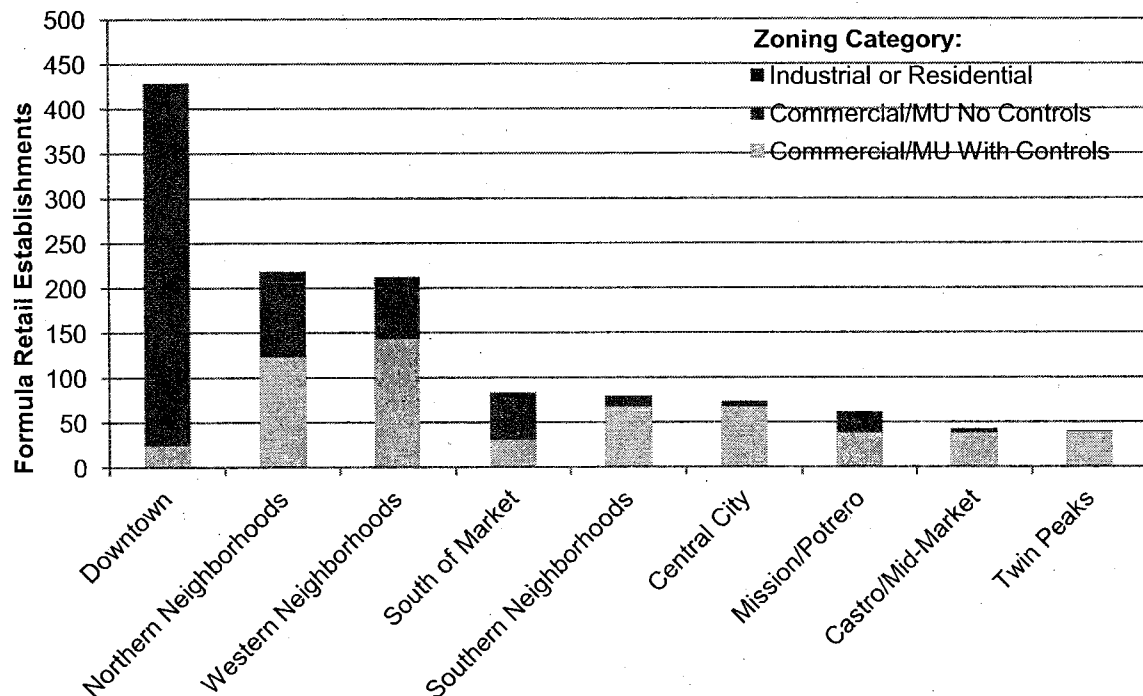
The Western Neighborhoods subarea has a relatively high share of formula retail establishments, concentrated at major shopping centers. Although the Western Neighborhoods have a lower-than-average number of retailers compared to the subarea's overall population (9 retailers per 1,000 residents, as shown in Figure III-6), approximately 12 percent of retailers in the subarea are formula – the citywide average, but a higher share than in most other subareas. Within the Western Neighborhoods, formula retail is concentrated at shopping centers such as Laurel Village Shopping Center, the intersection of Geary and Masonic (north of Golden Gate Park), Stonestown Galleria and Lakeside Plaza (south of Sloat

Boulevard). With the exception of Stonestown Galleria, formula retail requires a conditional use authorization in all of these shopping centers. Stonestown Galleria accounts for approximately 30 percent of formula retail establishments in the subarea (Figure III-8).⁴⁵

In all other subareas, formula retail accounts for less than 10 percent of all retail establishments. In the Southern Neighborhoods, Central City, Mission/Potrero, Castro/Mid-Market, and Twin Peaks subareas, formula retail accounts for less than 10 percent of all establishments and no more than 25 percent of all retail square feet (Figure III-7). These subareas differ significantly in their demographic and market conditions. However, in all five subareas, most of the commercial development is located in neighborhood commercial districts which have had formula retail controls in place since at least 2007. NCDs are intended as mixed-use corridors that support neighborhood-serving commercial uses on lower floors and housing above. These districts typically provide convenience goods and services to the surrounding neighborhoods as well as limited comparison shopping goods for a wider market.

Most commercial areas in the Southern Neighborhoods, Central City, Mission/Potrero, Castro/Mid-Market, and Twin Peaks subareas are subject to formula retail controls. Reflecting this fact, formula and other retail establishments in these subareas are primarily located in neighborhood commercial districts and other areas that are subject to formula retail controls (Figure III-8).

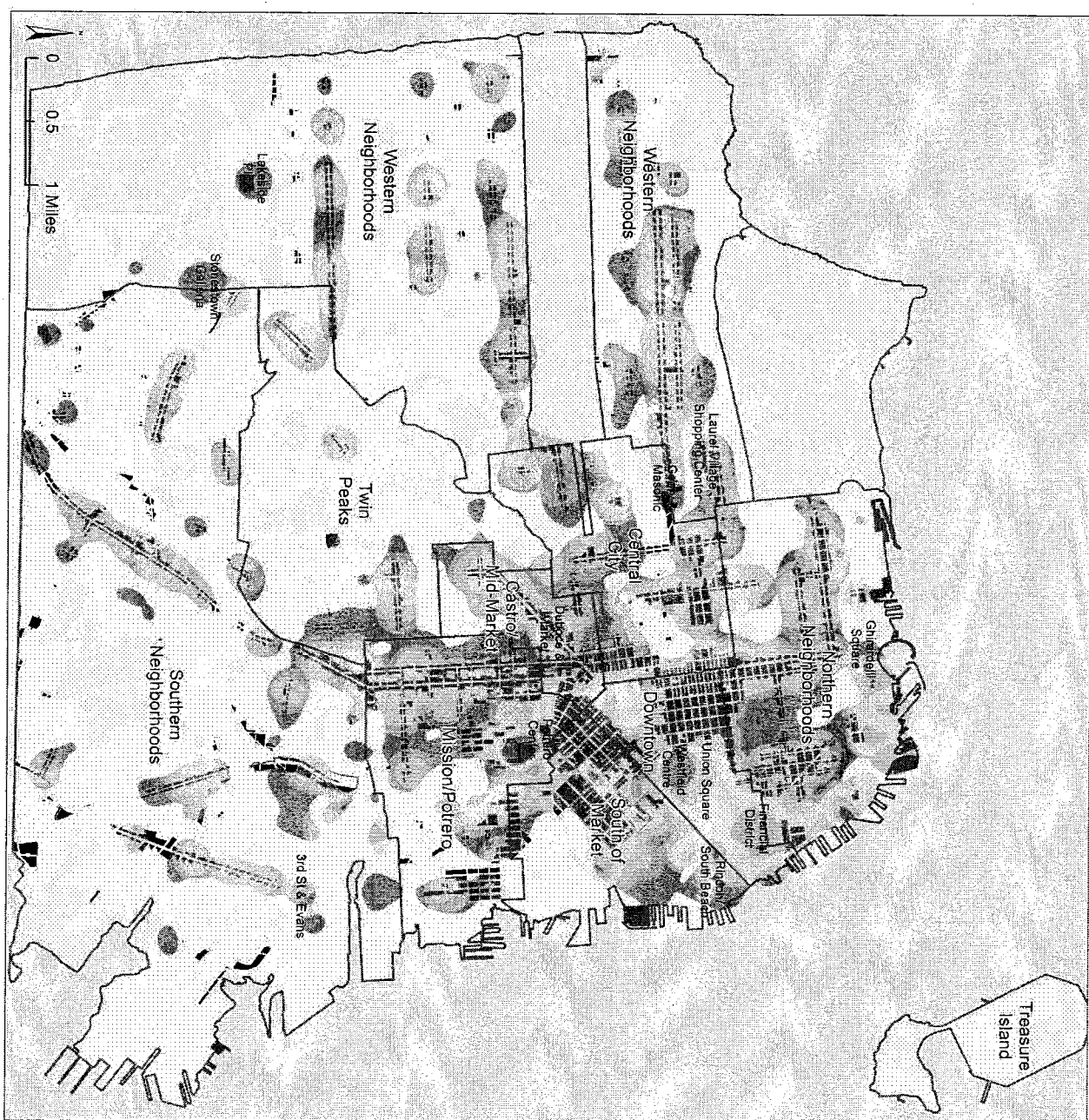
Figure III-8. Formula Retail Establishments by Geographic Subarea and Zoning District Category, 2012



Sources: Dun & Bradstreet, 2012; Strategic Economics, 2014. Based on Dun & Bradstreet business data that have not been independently verified; all numbers are approximate.

⁴⁵ Stonestown Galleria and Park Merced are the only other commercial/MU districts in the Western Neighborhoods that are not subject to formula retail controls. However, very little retail of any kind is currently located at Park Merced.

Figure III-9. Formula Retail Concentrations (Formula Retail as a Percent of Total Existing Retail Establishments)



Density of FR /
Density of Retail
(only areas > 150 est. per sq mi)

- 0% - 0.1%
- 0.11% - 3%
- 3.01% - 12%
- 12.01% - 18%
- 18.01% - 28%
- 28.01% - 38%
- 38.01% - 100%

- Study Subareas
- FR Controls*

FR: Formula Retail

*Commercial/mixed-use districts where new formula retail requires a conditional use authorization or is prohibited.

Underlying FR controls (black/dark green) are shown for reference.

Based on Dun & Bradstreet business data that have not been independently verified; all numbers are approximate.

Strategic Economics, 2014;
Data: Dun & Bradstreet, 2012,
City and County of San
Francisco, 2013.

Formula Retail CU Applications by Geographic Subarea

This section describes formula retail CU application and approval rates by geographic subarea.

The Western Neighborhoods have attracted the most formula retail CU applications, reflecting the many shopping centers in this subarea. As shown in Figure III-9, the Western Neighborhoods have attracted 24 formula retail CU applications, accounting for nearly a quarter of all such applications in the city. Of those applications that have been resolved, 82 percent have been approved. Many of the formula retail CU applications in this subarea are located in shopping centers such as Lakeside Plaza, Laurel Village, and Geary and Masonic, where they are typically approved. However, Geary Boulevard, Clement Street, Irving Street, and Noriega Street have also attracted some CUs over the years, with more mixed approval rates (see Figure II-6 in Chapter II for a map of CUs by action taken).

The Northern Neighborhoods, Central City, Southern Neighborhoods, and Castro/Mid-Market have each attracted more than a dozen formula retail CU applications, while the other subareas have only attracted a handful. Note that in most of Downtown and SoMa, formula retail does not require a CU authorization. There does not appear to be a direct correlation between number of applications and demographics at the subarea level. For example, of the four subareas with the highest application rates, the Northern Neighborhoods and Castro/Mid-Market subareas have average household incomes that are above the citywide average, while the Central City and Southern Neighborhoods have below-average household incomes.

Formula retail CU application approval rates are lowest in the Southern Neighborhoods, Castro/Mid-Market, and Mission/Potrero subareas. In most subareas, at least 75 percent of all formula retail CU applications have been approved. However, in the Southern Neighborhoods, Castro/Mid-Market, and Mission/Potrero subareas, fewer than 70 percent have been approved (Figure III-9). While all three of these subareas also have relatively low concentrations of existing formula retail establishments (Figure III-7), the subareas otherwise vary significantly in terms of market conditions and demographics. The low approval rates may reflect prevailing community sentiment, rather than any quantifiable characteristics that the three subareas share.

Figure III-10. Formula Retail Conditional Use Applications by Geographic Subarea and Action Taken

Subarea	Action Taken				Total Applications	% of Citywide Total Applications	% Approved in Subarea (a)
	App- roved	Disapp- roved	With- drawn	Pen- ding			
Western Neighborhoods	18	2	2	2	24	23%	82%
Northern Neighborhoods	13	4			17	16%	76%
Central City	9	1	2	4	16	15%	75%
Southern Neighborhoods	10		5		15	14%	67%
Castro/Mid-Market	7	3	1	1	12	12%	64%
Mission/Potrero	5	1	2		8	8%	63%
Downtown	4				4	4%	100%
South of Market	3	1			4	4%	75%
Twin Peaks	3			1	4	4%	100%
Total	72	12	12	8	104	100%	75%

(a) Excluding pending applications

Sources: City and County of San Francisco, 2013; Strategic Economics, 2014.

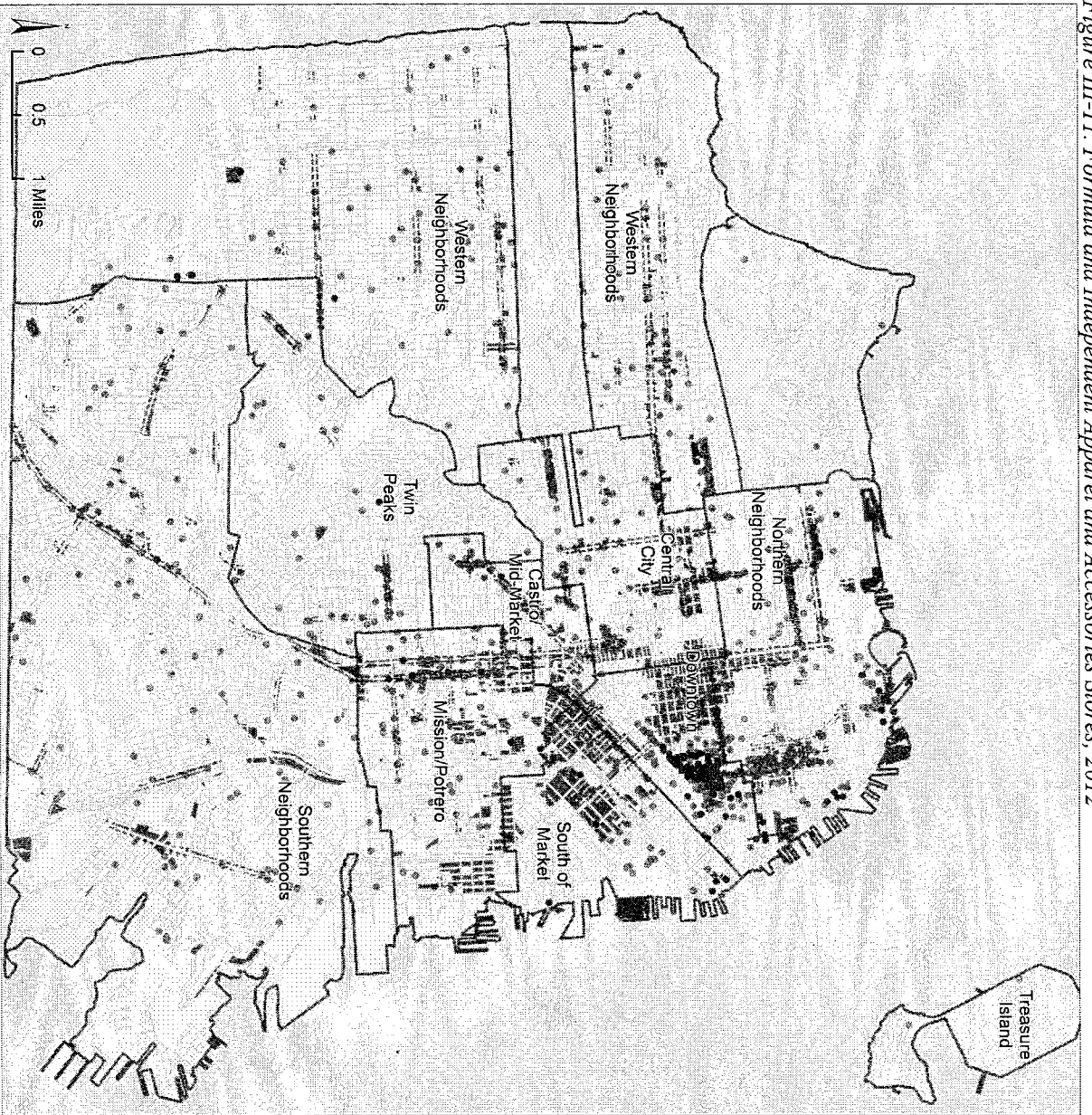
Spatial Distribution of Selected Retail Types

The following findings describe how selected types of retailers – including both formula and independent retail – are distributed across the city in relation to factors that retailers often consider in selecting their locations. The three retail use types discussed below were selected to illustrate the distinct location patterns of different types of retail. Apparel and accessories stores sell “comparison goods” – products like clothes, shoes, furniture, and cars – that shoppers like to test and compare before purchasing. Grocery stores, on the other hand, serve residents’ daily needs. Depending on their price point and location, restaurants and bars can either draw residents and workers on a daily basis, or serve as a special destination for visitors, shoppers, residents, and workers. As discussed below, these different functions lead to distinct spatial patterns.

Comparison retailers, such as apparel and accessories stores, are especially likely to cluster together in concentrated nodes. Comparison retailers are particularly likely to benefit from co-locating with similar retailers in destinations where shoppers can walk from store to store, particularly in locations that benefit from strong regional accessibility, high population densities and household incomes, and/or significant visitor traffic. For example, Figure III-9 shows how both independent and formula apparel and accessory stores tend to cluster, but formula retail is particularly concentrated in specific locations. The vast majority of formula retail apparel and accessory stores are located in the Union Square/Westfield Centre area of Downtown. Union Square is the city’s premier retail destination, known for its luxury boutiques and high-end department stores. With its central location and excellent transit access, the district draws many tourists and shoppers from across the city and region. There are no formula retail controls in place in this part of Downtown.

There are also a number of neighborhood commercial districts with apparel and accessory clusters. Most of these districts require a conditional use authorization for new formula retail, and tend to have a mix of both formula and independent apparel and accessory stores as well as other stores (e.g., shoes, home furnishings) and restaurants. In the Northern Neighborhoods, high-end shopping districts such as North Beach, Chestnut Street, Union Street, and Upper Fillmore offer a range of apparel and accessory stores, home furnishings, and other specialty items. These districts benefit from strong local buying power (reflected in high local population densities and high average household incomes) as well as significant visitor traffic. Other neighborhood shopping districts with strong concentrations of accessory and apparel stores, such as Mission Street, serve more moderate income parts of the city and offer more affordable products.

Figure III-11. Formula and Independent Apparel and Accessories Stores, 2012



Apparel and Accessories Stores

- Formula Retail
- Independent Retail

Land Use Controls and Characteristics

- FR Controls*
- Study Subareas

FR: Formula Retail

*Commercial/mixed-use districts where new formula retail requires a conditional use authorization or is prohibited.

Based on Dun & Bradstreet business data that have not been independently verified; all numbers are approximate.

Strategic Economics, 2014;
Data: Dun & Bradstreet, 2012,
City and County of San
Francisco, 2013.

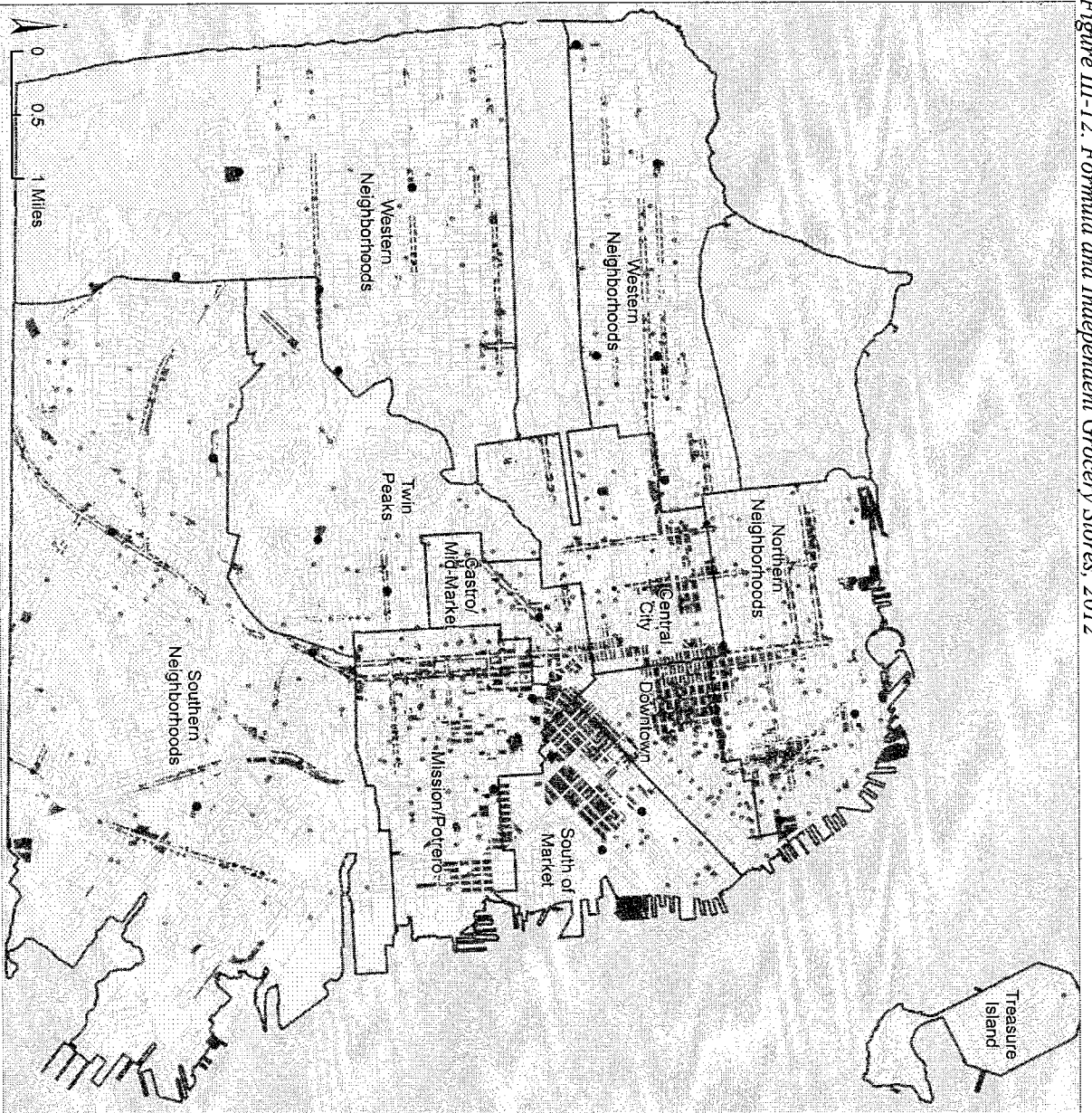
Retailers that serve daily needs, such as grocery stores, are more evenly dispersed in neighborhood commercial districts – although some low-income areas like the Tenderloin and Bayview are less-well served by full-service supermarkets. Figure III-12 shows formula and independent grocery stores by size (greater or fewer than 10,000 square feet). Grocery stores often serve as anchors for clusters of convenience-oriented retail that draw from a local market, typically within a one-mile radius. While both independent and formula grocery stores are located throughout the city, they are more concentrated in the northeastern subareas where population densities are highest (the Northern Neighborhoods, Central City, Downtown, Castro/Mid-Market, and Mission/Potrero). Less densely populated areas in the Southern and Western Neighborhoods have fewer grocery stores. For example, there are nearly 2 grocery stores for every 1,000 residents in the Northern Neighborhoods and 1.4 grocery stores per 1,000 residents in Mission/Potrero. In comparison, there are approximately 0.6 grocery stores for every 1,000 residents in the Southern and Western Neighborhoods.⁴⁶ Downtown and the Southern Neighborhoods have a particularly low concentration of formula retail grocery stores, which tend to be significantly larger than independent grocers and may offer a wider range of fresh produce and health foods.⁴⁷

Restaurants and bars are also distributed across the city, though they are particularly concentrated in Downtown and the Northern Neighborhoods. As shown in Figure III-13, there is a significant concentration of formula and independent restaurants in Downtown and the Northern Neighborhoods, likely serving residents, Downtown workers, and visitors who come to shop or stay at the many hotels in these subareas. However, most of the city's neighborhood commercial districts have a number of both formula and independent restaurants.

⁴⁶ The citywide average is 0.9 grocery stores per 1,000 residents.

⁴⁷ As discussed above, more than 80 percent of all medium and large grocery stores (over 10,000 square feet) in San Francisco are formula retail.

Figure III-12. Formula and Independent Grocery Stores, 2012



Grocery Stores

- Formula Retail
- Independent Retail
- Small Grocery Stores (<10,000 sq. ft.)
- Medium and Large Grocery Stores (>10,000 sq. ft.)

Land Use Controls and Characteristics

FR Controls*

Study Subareas

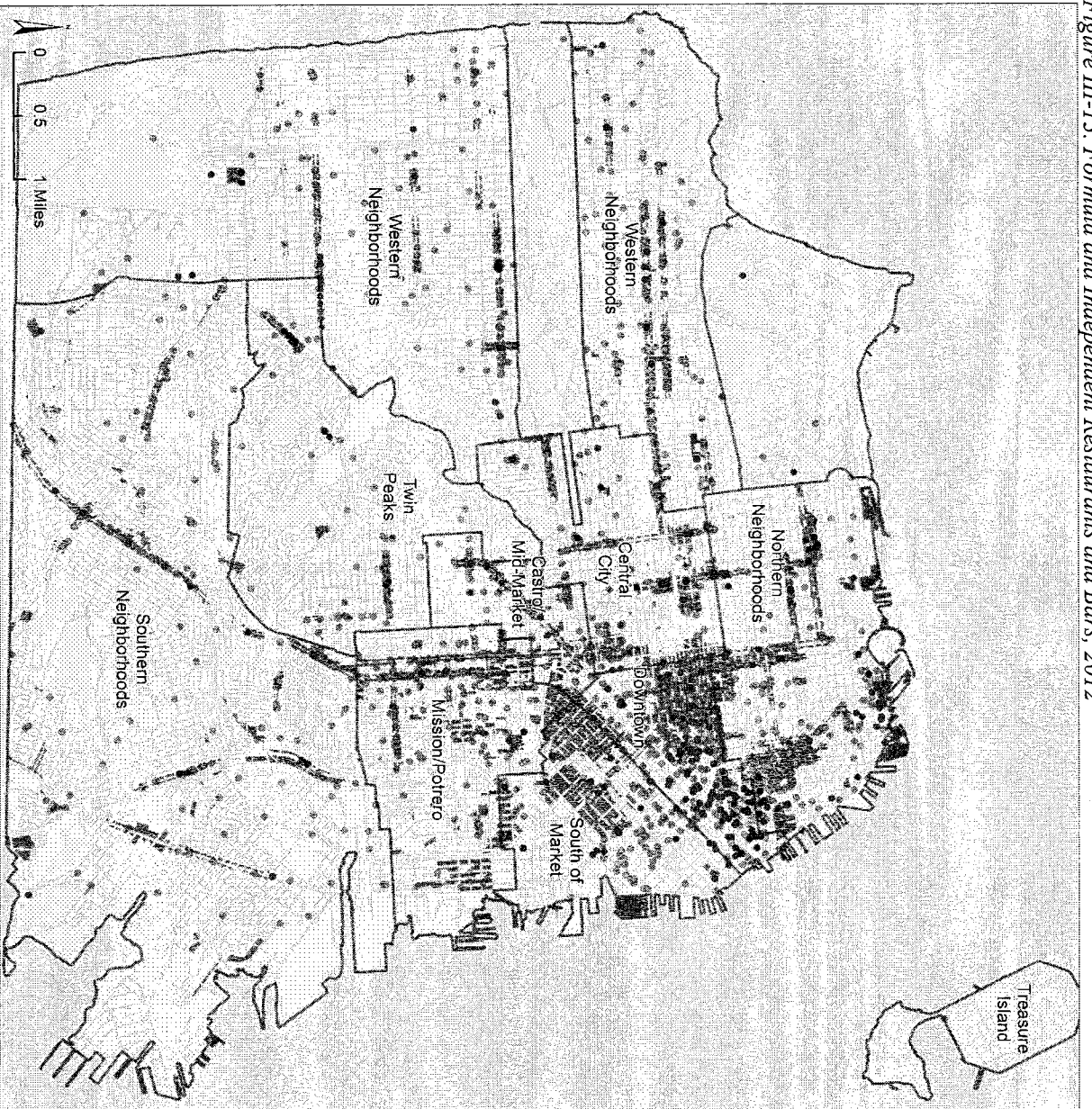
FR: Formula Retail

*Commercial/mixed-use districts where new formula retail requires a conditional use authorization or is prohibited.

Based on Dun & Bradstreet business data that have not been independently verified; all numbers are approximate.

Strategic Economics, 2014.
Data: Dun & Bradstreet, 2012,
City and County of San
Francisco, 2013.

Figure III-13. Formula and Independent Restaurants and Bars, 2012



Restaurants and Bars

- Formula Retail
- Independent Retail

Land Use Controls and Characteristics

- FR Controls*
- Study Subareas

FR: Formula Retail

*Commercial/mixed-use districts where new formula retail requires a conditional use authorization or is prohibited.

Based on Dun & Bradstreet business data that have not been independently verified; all numbers are approximate.

Strategic Economics, 2014;
Data: Dun & Bradstreet, 2012,
City and County of San
Francisco, 2013.

Conclusions

Formula retail accounts for 12 percent of all retail establishments in San Francisco and 31 percent of the city's total retail square footage. Although exactly comparable numbers for other cities are not available, formula retail appears to be significantly less prevalent in San Francisco compared to the national average. In the U.S. overall, 32 percent of all retail establishments are associated with firms that include 10 or more outlets.⁴⁸

In general, the spatial distribution of formula retail is highly correlated with the spatial distribution of independent retail, indicating that formula retail location decisions remain strongly influenced by the propensity of retailers to cluster in concentrated nodes with high customer traffic, good visibility, and easy vehicle and pedestrian access.

However, formula retail is generally much less concentrated in districts that have controls in place than in districts that do not. Formula retail is most highly concentrated in Downtown, SoMa, and the northeastern waterfront. These areas are least regulated, and also attract significant numbers of visitors and workers from elsewhere in the city and region. In contrast, while the Western Neighborhoods also have a significant concentration of formula retail, formula retail in this subarea tends to cluster in shopping centers, including those where new formula retail requires a CU authorization – such as Lakeshore Plaza, the Laurel Village Shopping Center, and Geary and Masonic – as well as in Stonestown Galleria, where formula retail is not regulated. There are also significant concentrations of formula retail in NCDs in the Northern Neighborhood subarea, such as Union Street, Polk Street, and Upper Fillmore. These NCDs serve neighborhoods with particularly high population densities and average resident incomes, and are also increasingly becoming known as regional shopping destinations. Formula retail is less concentrated in most of the rest of the city, where most of the commercial development is located in NCDs that have had formula retail controls in place since at least 2007.

This difference suggests that the City's formula retail controls may be successfully limiting the amount of formula retail in the city's neighborhood commercial districts, although other factors are also influencing the prevalence of formula retail in different neighborhoods. For example, given that the City has only received approximately 100 formula retail CU applications since the first controls went into effect in 2004, the prevalence of formula retail in most neighborhoods today strongly reflects conditions before the controls went into effect. The implementation of controls in certain neighborhoods could also have had the effect of pushing new formula retail into areas that are not regulated, such as Downtown and most of SoMa.

⁴⁸ U.S. Census Bureau, "Table EC0744SSSZ3: Retail Trade: Subject Series - Estab and Firm Size: Summary Statistics for Single Unit and Multiunit Firms for the United States: 2007," 2007 Economic Census. Includes all retail trade establishments (NAICS codes 44-45).

IV. CHARACTERISTICS OF SAN FRANCISCO'S FORMULA RETAIL

This chapter examines San Francisco's existing formula retail establishments in more depth, providing additional information on characteristics of the city's retail including:

- Size (square feet) of formula retail establishments, compared to independent retailers;
- Most common types of formula retail uses, compared to independent retailers;
- Headquarters locations of formula retailers; and
- Number of outlets in formula retail chains.

Most of the analysis described below compared the commercial/mixed-use (MU) districts with formula retail controls to those commercial/MU districts without controls.⁴⁹ This analysis was intended to shed light on how formula retail establishments compared to independent retail establishments in terms of business size and the types of goods and services they provide, and to explore how the presence of formula retail controls is correlated with the size, type of use, and other characteristics of formula retail establishments. The findings described in this chapter also shed light on some of the issues that stakeholders have raised about the impacts of the City's formula retail controls on small and independently owned businesses.

The findings described in this chapter are based on the 2012 Dun & Bradstreet dataset, and are therefore subject to the limitations of the data discussed in Appendix A.

Size of Establishments

Figure IV-1 compares the distribution of store sizes for formula and independent retail establishments. Figure IV-2 compares store sizes of formula retail establishments located in commercial/MU districts with and without formula retail controls in place. Key findings include the following.

On average, formula retail establishments are larger than independent retailers. The median establishment size for formula retailers is 6,500 square feet, compared to 2,200 square feet for independent retailers. Overall, nearly 85 percent of formula retailers occupy more than 3,000 square feet, while 80 percent of independent retailers occupy 3,000 square feet or less (Figure IV-1).

Approximately 10 formula retailers and 5 independent retailers are over 50,000 square feet, the threshold for San Francisco's large-scale retail controls. In addition to the City's formula retail controls, the Planning Code includes a separate conditional use requirement for large-scale retail; retail uses over 90,000 square feet in the C-3 zoning districts and 50,000 square feet in all other zoning districts require CU authorization, while retail over 120,000 square feet is generally prohibited.⁵⁰ Fewer than one percent of existing formula retail establishments exceed the 50,000-square-foot threshold.

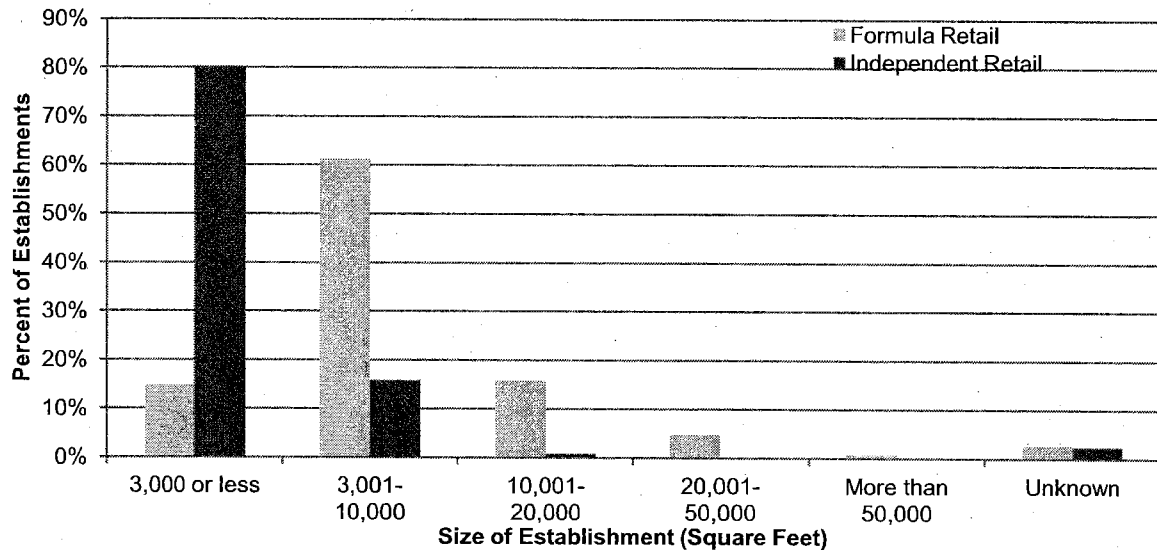
Formula retail establishments in commercial/mixed-use districts with controls tend to be slightly smaller than in commercial/mixed-use districts without controls. The median formula retail

⁴⁹ See Chapter III for a description of the commercial/MU zoning district categories. The industrial and residential zoning district categories have too few formula retail establishments to produce robust results for some of the more detailed factors discussed below. As discussed above in Chapter III, the data shown throughout this report have been aggregated in order to ensure that the results are robust. In general, statistics based on fewer than 20 establishments were considered unreliable and are not shown.

⁵⁰ San Francisco Planning Code, Section 121.6.

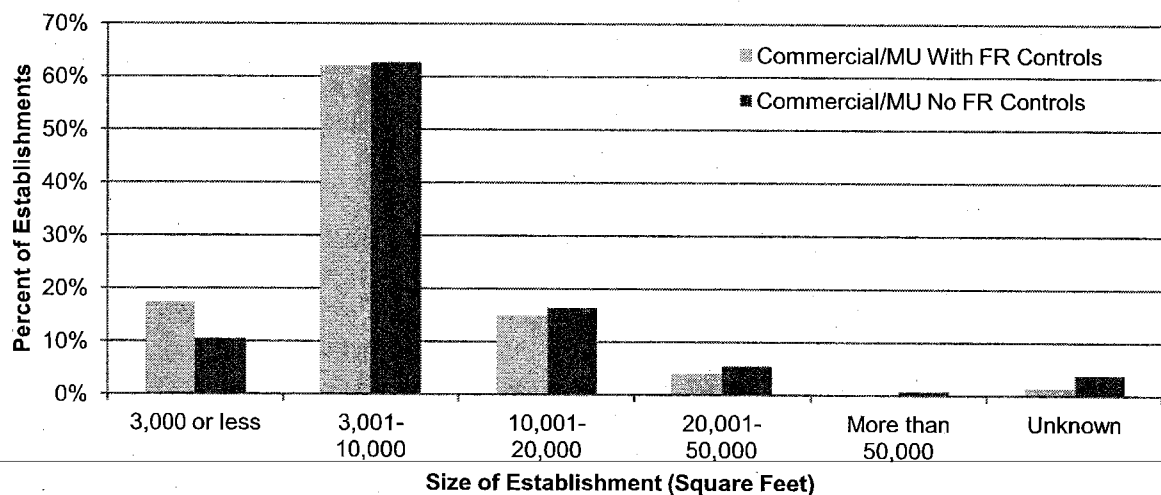
establishment size in the commercial/MU districts with controls is 6,400 square feet, compared to 6,900 square feet in commercial/MU districts with controls, 6,100 square feet in industrial districts, and 4,000 square feet in residential districts. Commercial/MU districts with controls also tend to have fewer formula retail establishments over 10,000 square feet and more establishments occupying 3,000 square feet or less compared to districts without controls (Figure IV-2).

Figure IV-1. Formula and Independent Retail Establishments by Store Size



Sources: Dun & Bradstreet, 2012; Strategic Economics, 2014. Based on Dun & Bradstreet business data that have not been independently verified; all numbers are approximate.

Figure IV-2. Formula Retail Establishments by Store Size: Commercial/Mixed-Use Zoning Districts with and without Formula Retail Controls



Acronyms:

MU: Mixed-use

FR: Formula retail

Sources: Dun & Bradstreet, 2012; Strategic Economics, 2014. Based on Dun & Bradstreet business data that have not been independently verified; all numbers are approximate.

Types of Uses

Figure IV-3 compares formula retail use types in commercial/MU districts with and without controls. Figures IV-4 and IV-5 show the most common types of formula and independent stores (i.e., businesses that sell goods to the public) in commercial/MU districts with and without controls, respectively. Key findings about types of formula retail are described below.

Compared to commercial/mixed-use districts without controls, commercial/mixed-use districts with controls have fewer formula retail stores and more formula retail banks. There are approximately 290 formula retail stores in commercial/MU districts with controls, accounting for 51 percent of formula retail establishments and 8 percent of all stores in those districts (Figure IV-3). In commercial/MU districts without controls there are 390 formula retail stores, accounting for 63 percent of formula retail establishments and 23 percent of all stores. In contrast, the majority of formula banks are located in commercial/MU districts with controls (140, compared to 80 in districts without controls).⁵¹ On a square-footage basis, the distribution of formula retail use types is more similar; in both types of commercial/MU districts, stores account for about 60 percent of formula retail square feet, banks account for about 20 percent, restaurants and bars account for slightly less than 20 percent, and retail services make up the remainder.

Figure IV-3. Formula Retail Establishments by Use Type: Commercial/Mixed-Use Zoning Districts with and without Formula Retail Controls

Use Type	Commercial/MU With FR Controls			Commercial/MU Without FR Controls		
	Formula Retail	% of Total Formula Retail	Formula Retail as a % of All Retail	Formula Retail	% of Total Formula Retail	Formula Retail as a % of All Retail
Number of Establishments						
Stores	290	51%	8%	390	63%	23%
Restaurants & Bars	130	22%	8%	140	23%	23%
Retail Services	10	2%	4%	10	2%	12%
Banks, Credit Unions, S&L	140	24%	87%	80	12%	84%
Total	570	100%	10%	620	100%	25%
Square Feet						
Stores	2,545,600	60%	25%	3,531,000	58%	52%
Restaurants & Bars	690,100	16%	13%	1,172,400	19%	40%
Retail Services	151,300	4%	16%	79,300	1%	24%
Banks, Credit Unions, S&L	856,600	20%	90%	1,293,500	21%	96%
Total	4,243,600	100%	24%	6,076,200	100%	53%

Acronyms:

S&L: Savings and loans

MU: Mixed-use

FR: Formula retail

Columns may not add due to rounding.

Sources: Dun & Bradstreet, 2012; Strategic Economics, 2014. Based on Dun & Bradstreet business data that have not been independently verified; all numbers are approximate.

⁵¹ Note that San Francisco's formula retail controls only expanded to include banks, credit unions, and savings and loans in 2012.

In commercial/mixed-use districts with formula retail controls in place, the most common types of formula retail stores include pharmacies and drug stores, other specialized retail stores, apparel and accessory stores, and supermarkets and other grocery stores. The most common types of independent retail stores in commercial/MU districts with formula retail controls are specialized retail stores (e.g., auto parts, office supply, and pet supply stores), apparel and accessories, and supermarkets and other grocery stores (Figure IV-4). These store types, particularly the prevalence of supermarkets and pharmacies, reflect the neighborhood-serving function of many of the City's neighborhood commercial districts (NCDs).

Stores in commercial/mixed-use districts without controls are less diverse, with apparel stores accounting for the majority of formula retailers. Other health and personal care stores (i.e., cosmetic and beauty stores, eyeglass stores, and health food/supplement stores) are the second most common type of formula retail store (Figure IV-5). Apparel stores are also the most common type of independent retail establishments in these districts, followed closely by specialized retail stores.

Figure IV-4. Most Common Types of Formula and Independent Retail Stores in Commercial/Mixed-Use Zoning Districts with Formula Retail Controls

Most Common Types of Formula Retail Stores	Establishments	% of All Stores in Category	Square Feet	% of All Square Feet in Category
1 Pharmacies & Drug Stores	60	48%	633,800	82%
2 Other Specialized Retail Stores	40	4%	286,800	13%
3 Apparel & Accessories	40	5%	298,500	16%
4 Supermarkets & Other Grocery Stores	40	8%	568,400	33%
5 Electronics & Appliances	30	18%	202,200	38%
Most Common Types of Independent Retail Stores	Establishments	% of All Stores in Category	Square Feet	% of All Square Feet in Category
1 Other Specialized Retail Stores	880	96%	1,902,200	87%
2 Apparel & Accessories	730	95%	1,528,400	84%
3 Supermarkets & Other Grocery Stores	430	92%	1,139,400	67%
4 Sporting Goods, Hobby, Book, Music	300	97%	827,700	92%
5 Other Food Stores	200	95%	434,700	89%

"Other specialized retail stores" include produce, auto parts, pet supply, office supply, gift stores, florists, and others.

Sources: Dun & Bradstreet, 2012; Strategic Economics, 2014. Based on Dun & Bradstreet business data that have not been independently verified; all numbers are approximate.

Figure IV-5. Most Common Types of Formula and Independent Retail Stores in Commercial/Mixed-Use Zoning Districts without Formula Retail Controls

Most Common Types of Formula Retail Stores	Establishments	% of All Stores in Category	Square Feet	% of All Square Feet in Category
1 Apparel & Accessories	200	35%	1,837,700	67%
2 Other Health & Personal Care Stores	40	39%	265,300	59%
3 Other Specialized Retail Stores	30	8%	259,000	23%
4 Electronics & Appliances	30	20%	254,600	47%
5 Pharmacies & Drug Stores	30	66%	237,900	88%
Most Common Types of Independent Retail Stores	Establishments	% of All Stores in Category	Square Feet	% of All Square Feet in Category
1 Apparel & Accessories	370	65%	905,100	33%
2 Other Specialized Retail Stores	340	92%	873,800	77%
3 Electronics & Appliances	110	80%	287,000	53%
4 Sporting Goods, Hobby, Book, Music	90	92%	211,800	80%
5 Supermarkets & Other Grocery Stores	80	90%	193,400	66%

"Other specialized retail stores" include produce, auto parts, pet supply, office supply, gift stores, florists, and others.

"Other health and personal care stores" include cosmetic and beauty stores, eyeglass stores, and health food/supplement stores.

Sources: Dun & Bradstreet, 2012; Strategic Economics, 2014. Based on Dun & Bradstreet business data that have not been independently verified; all numbers are approximate.

Other Characteristics of Formula Retail

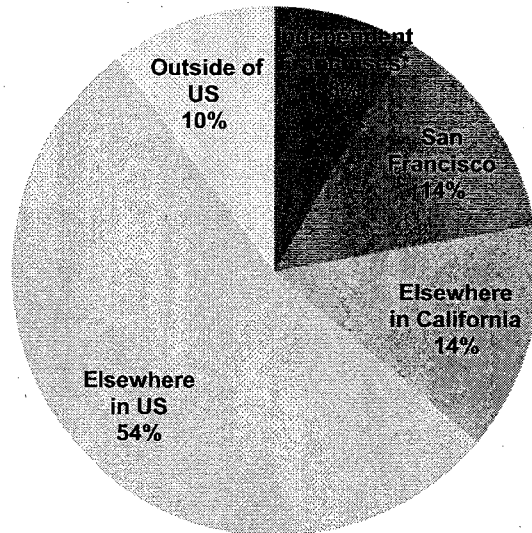
Figure IV-6 shows the distribution of formula retail establishments by the location of their headquarters. Figure IV-7 compares headquarter locations in commercial/MU districts with and without formula retail controls. Figure IV-8 shows formula retail establishments by the number of associated corporate family members (branches and subsidiaries). Findings are discussed below.

Approximately 28 percent of the city's formula retailers are headquartered in California, with half of those headquartered in San Francisco. As shown in Figure IV-6, another 8 percent of formula retail establishments are independently owned franchises (e.g., franchise locations that are not owned by the parent company); the location of the franchise owners is unknown. Ten percent of formula retailers are headquartered outside the United States.⁵²

Commercial/mixed-use districts with formula retail controls are home to more independently owned franchises and California-based companies than districts without controls. Figure IV-7 compares the headquarters locations of formula retail establishments located in commercial/MU districts with and without controls.

⁵² Note that a small percentage of these may not technically qualify as formula retailers, as discussed in Chapter VII.

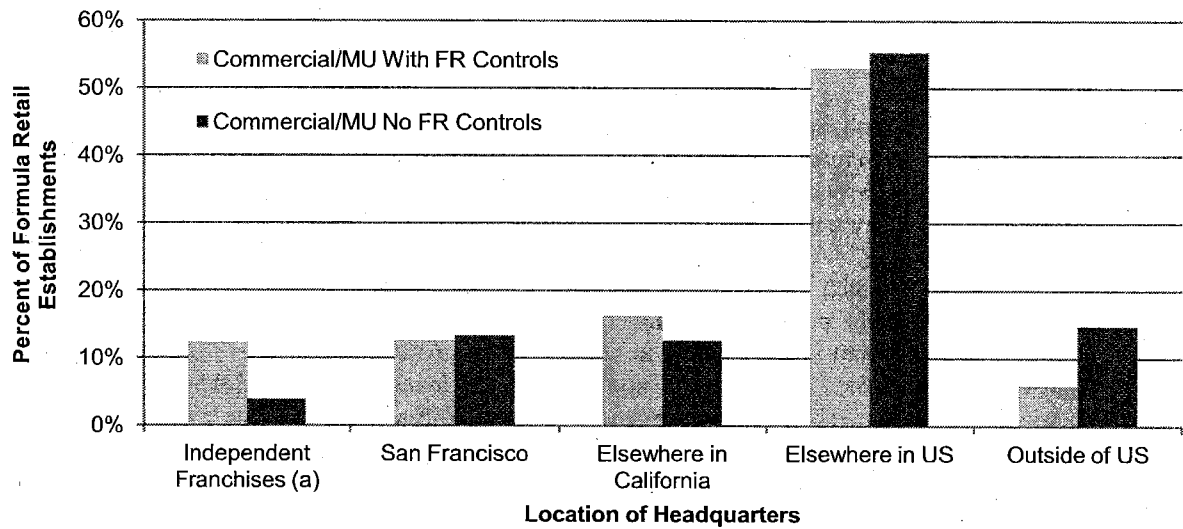
Figure IV-6. Formula Retail Establishments by Location of Headquarters



*Franchises that are not owned by or legally linked to the parent company; headquarters location unknown.

Sources: Dun & Bradstreet, 2012; Strategic Economics, 2014. Based on Dun & Bradstreet business data that have not been independently verified; all numbers are approximate.

Figure IV-7. Formula Retail Establishments by Location of Headquarters: Commercial/Mixed-Use Zoning Districts with and without Formula Retail Controls



(a) Franchises that are not owned by or legally linked to the parent company; headquarters location unknown.

Acronyms:

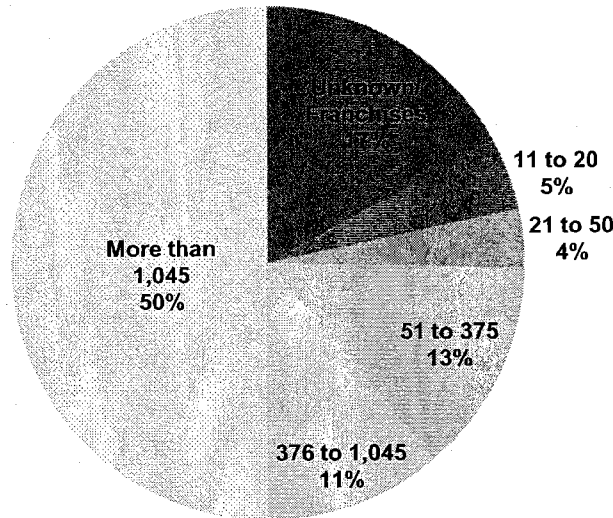
MU: Mixed-use

FR: Formula retail

Sources: Dun & Bradstreet, 2012; Strategic Economics, 2014. Based on Dun & Bradstreet business data that have not been independently verified; all numbers are approximate.

Three-quarters of San Francisco's formula retail establishments are associated with companies that have more than 50 branches and subsidiaries. The breakdown of formula retail by number of family members (Figure IV-8) is similar in commercial/MU districts with and without controls, except that, as discussed above, districts with controls have more franchises.

Figure IV-8. Formula Retail Establishments by Number of Corporate Family Members (Branches and Subsidiaries)



Sources: Dun & Bradstreet, 2012; Strategic Economics, 2014. Based on Dun & Bradstreet business data that have not been independently verified; all numbers are approximate.

Conclusions

Formula retail establishments tend to be significantly larger than independent retail establishments. Overall, nearly 85 percent of formula retailers occupy more than 3,000 square feet, while 80 percent of independent retailers occupy 3,000 square feet or less. Most formula retailers are affiliated with large companies with many outlets, and are headquartered outside of California.

Formula retail is much less concentrated in commercial/MU districts with controls than in districts without, and formula retail establishments tend to be smaller in districts with controls in place. In addition, formula retail is more likely to take the form of neighborhood-serving stores (supermarkets or pharmacies) and banks, credit unions, and savings and loans in commercial/MU districts with controls than in those without. These differences may reflect the influence of the City's formula retail controls, as well as other factors such as the prevalence of formula retail before the controls went into effect and the different retail markets that various commercial districts serve. For example, many of the districts with controls are predominantly daily needs-serving. In contrast, the districts without controls include shopping districts that serve a large number of workers, regional shoppers, and out-of-town visitors, as well as San Francisco residents.

V. EMPLOYMENT AND FORMULA RETAIL

San Francisco's residents and elected officials place a high priority on providing high-quality, well-paying jobs that employ a diverse range of residents. The City has some of the most progressive labor laws in the country, and many residents and stakeholders have raised concerns about the quality of jobs offered by formula retail. This chapter examines differences in employment between formula and independent retail in terms of number of workers employed, wages, and benefits.⁵³ Because of the limitations of the data and the literature, firm size (number of establishments and/or number of employees, as available) is used as the best available proxy for understanding the differences between formula and independent retailers in San Francisco. The chapter also draws on national data in order to provide context and address questions that were not possible to answer directly with local data.⁵⁴ However, as discussed below, it was not possible to fully address several of the issues raised by stakeholders (for example, about the differences in minority hiring and part-time employment between formula and independent firms) due to lack of data.

Background and Methodology

Studying how formula and independent retailers in San Francisco differ in terms of employment and job quality factors is challenging for a number of reasons. Relatively few sources provide data on employment at the local level, and the data they provide are limited by the types of information collected from individual employers and by the need to protect the privacy of workers and firms. As a result of these constraints, detailed data on the demographics of workers or part-time versus full-time status are only available at the national level, through sources that do not distinguish between independent and formula retailers.⁵⁵

Adding to the challenge, the definition of "formula retail" in the San Francisco Planning Code is very specific and is neither reflected in the literature on retail employment nor possible to exactly replicate with available data sources. Moreover, previous studies on retail employment have generally focused on comparing jobs and job quality at different types of retail chains (e.g., grocery stores versus electronics retailers, or supercenters versus traditional grocery stores), or on assessing the wages and economic impact of Walmart and other "supercenters,"⁵⁶ rather than the broader employment practices of chain versus independent retailers.

This chapter is based on an analysis of employment data provided by the California Employment Development Department from the Quarterly Census of Employment and Wages, supplemented by a literature review of local and national studies that have examined retail or restaurant employment by subsector or size of business. The chapter also draws on results from a survey that researchers at U.C. Berkeley conducted in 2009 that collected information on the health and paid sick leave benefits offered

⁵³ The City and County of San Francisco's Office of Economic Analysis recently released a separate study of formula retail that assessed (among other topics) the effect of formula v. independent retail on the city's broader economy, including the multiplier effects created by consumer spending as it circulates through the economy and expands overall employment. This analysis focuses more narrowly on understanding the wages and benefits offered by different types of retailers.

⁵⁴ Note that employment in San Francisco may not be fully consistent with national trends.

⁵⁵ For example, the Current Population survey provides data on the demographics of employees by industry and firm size, but only at the national level. The U.S. Census Bureau's American Community Survey and Longitudinal-Employer Household Dynamics program provide local-level information on worker characteristics (e.g., age, race, ethnicity, educational attainment), but not by firm size or number of outlets.

⁵⁶ There are no Walmart stores located in San Francisco, and the City has separate land use controls governing large-scale retail. (Retail uses over 90,000 square feet in the C-3 zoning districts and over 50,000 square feet in all other zoning districts require CU authorization; retail over 120,000 square feet is generally prohibited. See San Francisco Planning Code, Section 121.6.)

by firms in San Francisco and elsewhere in the Bay Area. These data sources are described in more detail below. The chapter focuses on retail stores – i.e., businesses that sell goods to the general public – and restaurants.⁵⁷

Findings

The following sections provide a review of San Francisco's unique labor laws and national employment trends in the retail and restaurant industries, followed by an analysis of employment, wages, and benefits in San Francisco retail and restaurant industries.

Local and National Context

San Francisco is nationally known for its progressive laws aimed at improving pay, access to health care, and paid sick leave for all workers, particularly lower-wage workers.⁵⁸ Figure V-1 shows those local labor laws that apply to most businesses located in San Francisco. (Other mandates, not shown, apply only to employers with contracts or leases with the City.) The City's minimum wage applies to all workers in San Francisco, except for individuals who are the parents, spouses, domestic partners, or children of the employer. The Paid Sick Leave Ordinance also applies to all employees, although employees at larger firms (with 10 or more workers) can accrue more hours of sick leave. The Health Care Security Ordinance and Family Friendly Workplace Ordinance both apply only to workers with 20 or more workers nationwide, and larger firms (100 or more workers) are required to provide more generous health care benefits.⁵⁹

Most formula retailers are likely subject to the Health Care Security and Family Friendly Workplace Ordinances. Given that formula retail establishments must, by definition, have at least 12 locations in the U.S., it is likely that nearly all formula retailers have at least 20 employees nationwide. On the other hand, many independent retailers are likely to be exempt from these laws. For example, as discussed below, San Francisco retail stores with just one location in California employed an average of 8 workers in 2012, while restaurants with a single location employed an average of 15 workers. Independent estimates suggest that, overall, about 25 percent of San Francisco workers at for-profit firms are employed at companies that are exempt from the Health Care Security Ordinance.⁶⁰

⁵⁷ Banks, credit unions, and savings and loans are also subject to the City's definition of formula retail (as are a few types of retail services). However, the banking industry includes a wide range of occupations with very different pay and benefit levels, and it was not possible to differentiate between retail banking jobs and other types of jobs.

⁵⁸ Reich, Jacobs, and Dietz, *When Mandates Work: Raising Labor Standards at the Local Level*.

⁵⁹ The national Affordable Care Act does not preempt San Francisco's Health Care Security Ordinance; employers subject to the ordinance are required to continue meeting the Health Care Security Ordinance spending requirement for eligible employees in 2014. Source: City and County of San Francisco: Labor Standards Enforcement, "HCSO and the Affordable Care Act," October 21, 2013, <http://sfgsa.org/index.aspx?page=6306>.

⁶⁰ Reich, Jacobs, and Dietz, *When Mandates Work: Raising Labor Standards at the Local Level*, chap. 5.

Figure V-1. San Francisco Labor Laws

Law	Employer Applicability	Requirement	Effective Date
Minimum Wage Ordinance	All employers with employees who work in San Francisco more than two hours per week, including part-time and temporary workers*	All employees who work in San Francisco more than two hours per week, including part-time and temporary workers, are entitled to the San Francisco minimum wage (\$10.74 per hour as of January 2014).	February 2004
Paid Sick Leave Ordinance	All employers** with employees who work in San Francisco, including part-time and temporary workers	All employees who work in San Francisco, including part-time and temporary workers, are entitled to paid time off from work when they are sick or need medical care, and to care for their family members or designated person when those persons are sick or need medical care.	February 2007
Health Care Security Ordinance***	Employers with 20 or more employees nationwide, including part-time and temporary workers (and non-profit employers with 50 or more employees)	Employers must spend a minimum amount (set by law) on health care for each employee who works eight or more hours per week in San Francisco. The expenditure rate varies by employer size; in 2014, for-profit businesses with 20 to 99 employees nationwide are required to spend \$1.63 per worker per hour paid; employers with 100+ employees nationwide are required to spend \$2.44 per worker per hour paid.	January 2008
Family Friendly Workplace Ordinance	Employers with 20 or more employees nationwide, including part-time and temporary workers	Employers must allow any employee who is employed in San Francisco, has been employed for six months or more by the current employer, and works at least eight hours per week on a regular basis to request a flexible or predictable working arrangement to assist with care-giving responsibilities.	January 2014

*Individuals who are the parents, spouses, domestic partners, or children of the employers are not covered by the San Francisco Minimum Wage Ordinance.

**For employees of employers for which fewer than 10 persons work for compensation during a given week, there is a cap of 40 hours of accrued paid sick leave; for employees of other employers, there is a cap of 72 hours of accrued paid sick leave.

***Note that the national Affordable Care Act does not preempt San Francisco's Health Care Security Ordinance; employers subject to the ordinance are required to continue meeting the Health Care Security Ordinance spending requirement for eligible employees in 2014.

Source: City and County of San Francisco Labor Standards Enforcement, 2014.

Nationally, retail stores and restaurants tend to provide workers with lower wages, more limited benefit coverage, and fewer and more irregular work hours compared to other industries. The relatively low wages, limited benefit coverage, and higher likelihood of part-time and non-standard working hours at retail stores and restaurants are related to the pressure facing firms in these industries to compete on low pricing and customer convenience (e.g., to be open long hours and on weekends and holidays).⁶¹

⁶¹ Francoise Carré, Chris Tilly, and Diana Denham, "Explaining Variation in the Quality of U.S. Retail Jobs" (presented at the Annual Meeting of the Labor and Employment Relations Association, Denver, CO, 2010), <http://www.russellsage.org/sites/all/files/Carre-Tilly-Retail%20job%20quality-LERA-01.03.10-final-rev2.pdf>; Francoise Carré and Chris Tilly, *Short Hours, Long Hours: Hour Levels and Trends in the Retail Industry in the United States, Canada, and Mexico*, Upjohn Institute Working Paper 12-183 (Kalamazoo, MI: W.E. Upjohn Institute for Employment Research., 2012), <http://www.econstor.eu/handle/10419/64322>; Annette D. Bernhardt, *The Future of Low-Wage Jobs: Case Studies in the Retail Industry*, IEE Working Paper (Institute on Education and the Economy, Teachers

However, there is significant variation in pay and job quality within the retail sector. For example, some firms pay more and provide better benefits to attract better talent, reduce turnover, and increase productivity. Examples include many electronics, hardware, and high-end clothing stores that compete for customer business based on quality of service and where knowledgeable salespersons are often highly valued. In contrast, other stores put a higher priority on low costs and low prices, and tend to pay lower wages.⁶² Walmart is the classic example; workers there earn approximately 12 percent less than other retail workers and 14.5 percent less than workers at large retailers, and rely heavily on public programs for health care and other needs.⁶³ Beyond business strategy, other factors that influence retail job quality include state and local labor laws, unionization, and the competitiveness of the local labor market.⁶⁴

Studies have shown that large firms are generally more likely to offer better health care coverage, hire more minorities, and comply with labor laws compared to smaller firms. For example, a 2012 national survey sponsored by the Kaiser Family Foundation found that 61 percent of small firms (those employing 3 to 199 workers) offered workers health insurance, compared to 98 percent of firms with 200 workers or more. Firms with fewer than 10 workers were least likely to offer health insurance to employees, with only 50 percent of firms of this size offering coverage in 2012. Workers at small firms were also responsible for paying a higher share of costs than workers at large firms.⁶⁵ A 2001 national survey of employers and households found that larger firm size was associated with hiring significantly more African-Americans.⁶⁶ A 2009 survey of 4,500 low-wage workers in New York, Chicago, and Los Angeles found that while labor law violations occur at firms of all sizes, workers at small companies (employing fewer than 100 workers) were significantly more likely to experience violations.⁶⁷

These differences between small and large firms may have to do with a number of factors, including awareness of labor laws, hiring methods, and financial resources.

Nationally, retail firms with fewer than 10 outlets tend to pay higher average wages than firms with more than 10 outlets. National data from the 2007 Economic Census show that retail firms with fewer than 10 outlets in the United States paid an average of \$27,500 per employee, per year. In comparison, firms with 10 or more outlets paid an average of \$20,800 a year. Overall, retail firms with fewer than 10 outlets employ fewer workers per establishment and per million dollars in sales. However, excluding motor vehicles and parts, gasoline stations, and non-store retailers (industries that San Francisco does not typically regulate as formula retail), firms with fewer than 10 outlets actually employ slightly more workers per million dollars in sales (5.8) compared to firms with 10 or more outlets (5.1). These differences may in part reflect differences in the number of hours that employees are scheduled to work; the Economic Census does not provide information on hours worked or part- versus full-time status of workers by firm size.

College, Columbia University, 1999),

<http://citeseerx.ist.psu.edu/viewdoc/download?doi=10.1.1.41.885&rep=rep1&type=pdf>.

⁶² Carré, Tilly, and Denham, "Explaining Variation in the Quality of U.S. Retail Jobs."

⁶³ Jacobs, Graham-Squire, and Luce, *Living Wage Policies and Big-Box Retail: How a Higher Wage Standard Would Impact Walmart Workers and Shoppers*.

⁶⁴ Carré, Tilly, and Denham, "Explaining Variation in the Quality of U.S. Retail Jobs."

⁶⁵ Nirmita Panchal, Matthew Rae, and Gary Claxton, *Snapshots: A Comparison of the Availability and Cost of Coverage for Workers in Small Firms and Large Firms* (Kaiser Family Foundation, December 5, 2012), <http://kff.org/private-insurance/issue-brief/snapshots-a-comparison-of-the-availability-and-cost-of-coverage-for-workers-in-small-firms-and-large-firms/>.

⁶⁶ Philip Moss and Chris Tilly, *Stories Employers Tell: Race, Skill, and Hiring in America* (Russell Sage Foundation, 2001).

⁶⁷ Annette D. Bernhardt et al., *Broken Laws, Unprotected Workers: Violations of Employment and Labor Laws in America's Cities* (Center for Urban Economic Development, 2009).

The data shown in Figure V-2 are only available at the national level. However, the following section explores San Francisco employment and wage trends using a different proxy for formula versus independent firms, based on whether firms have one or more outlets in California.

Figure V-2. U.S. Retail Firms by Number of Establishments: Average Jobs per Establishment, Jobs per Million Dollars in Sales, and Annual Average Wages, 2007

	Jobs per Establishment	Jobs per Million Dollars in Sales	Average Annual Wages per Employee
All Retail			
Firms with fewer than 10 outlets	7.8	3.5	\$27,500
Firms with 10 or more outlets	26.4	4.3	\$20,800
Excluding Motor Vehicles and Parts, Gasoline Stations, and Non-store Retailers			
Firms with fewer than 10 outlets	6.7	5.8	\$22,900
Firms with 10 or more outlets	30.1	5.1	\$20,000

Sources: U.S. Census Bureau, Economic Census, 2007; Strategic Economics, 2014.

Employment and Wages at Retail Stores and Restaurants in San Francisco

This section provides findings on employment and wages, based on an analysis of employment data provided by the California Employment Development Department (EDD) from the Quarterly Census of Employment and Wages (QCEW) program. QCEW employment data are derived from quarterly tax reports that California employers are required to submit to the EDD under state and federal unemployment insurance laws. The data count all workers who are covered by unemployment insurance and who worked during, or received pay for, a given pay period. Business owners, self-employed workers, unpaid family members, and certain farm and domestic workers are excluded from the employment counts.⁶⁸ EDD does not provide information on part-time versus full-time worker status⁶⁹ or number of hours worked; such information is not available at the local level from any known data source.

For the purposes of this study, the EDD created a customized report for the City and County of San Francisco that provided employment and wage data for selected industries (at the four-digit North American Industry Classification System [NAICS] level) in the retail, restaurant, and finance sectors. The data were provided for two categories of firms:

- 1) Firms located in San Francisco that have a single location in California (referred to as “single-site” firms below).
- 2) Firms located in San Francisco that have multiple worksites in California (“multiple-site” firms).

Note that this definition of “multiple-site” firms does not exactly match the definition of “formula retail” in the Planning Code. However, the EDD data represent the best available proxy for studying the differences in employment and wages at formula and independent retailers.

⁶⁸ Bureau of Labor Statistics, “Employment and Wages Online,” 2010, <http://www.bls.gov/cew/cewbultn10.htm#Employment>.

⁶⁹ Some studies suggest that the distinction between part- and full-time jobs in the retail industry has become less about number of hours worked, and more about status, wage levels, and access to a benefits package. Many retail managers in the U.S. report shortening the number of hours guaranteed to full-time workers, while increasing the number of hours worked by part-time employees (who typically receive lower hourly pay and fewer benefits). Carré and Tilly, *Short Hours, Long Hours*.

Complete results are provided in Figures IV-3 through IV-5. Key findings from the analysis are discussed below.

Approximately 47 percent of San Francisco's retail workers and 18 percent of the city's restaurant workers are employed at firms with multiple locations in California. In total, approximately 40,200 people worked in retail stores located in San Francisco in 2012, while another 52,600 worked in the city's restaurants. Of these workers, 19,000 were employed at stores with multiple sites in California, while 9,400 were employed at multiple-site restaurants.

Within the retail sector, the industries that employ the most people in San Francisco include grocery stores (7,000 workers), clothing stores (6,900 workers), department stores (4,500 workers), and health and personal care stores (4,100 workers).⁷⁰ Several other industries each employed between 1,000 and 2,000 workers in 2012, including electronics and appliance stores; specialty foods stores; home furnishings stores; building materials and supplies dealers; other miscellaneous store retailers; sporting good, hobby, and musical instrument stores; and office supply, stationery, and gift stores.

More than 60 percent of workers in the city's health and personal care, clothing, grocery, and department store industries are employed at firms that have multiple sites in California. Eighty percent of health and personal care workers, 66 percent of clothing store workers, and 64 percent of grocery store workers were employed at multiple-site firms in 2012. Employment data by number of worksites are not available for department stores due to confidentiality concerns, but 15 out of San Francisco's 16 department stores had multiple sites in the state. In several other industries – including shoe stores; sporting goods, hobby, and musical instrument stores; electronics and appliance stores; lawn and garden equipment stores; and other general merchandise stores – just over half of all workers were employed at multiple-site firms.

On a per-establishment basis, firms with multiple sites tend to employ more workers in San Francisco than firms with a single location. On average, multiple-site restaurants employed 27 workers per establishment in 2012, compared to 15 workers for single-site restaurants. Similarly, multiple-site stores employed an average of 23 workers per store in 2012, compared to 8 workers per single-site store. These averages mask significant variation in the average number of workers employed among different types of stores, but multiple-site stores employ more workers per establishment in almost every retail category. For example, multiple-site grocery stores employed an average of 91 workers, compared to 9 workers per store for single-site grocery store. In comparison, multiple-site health and personal care stores employed 15 workers per store, compared to 6 workers per store for single-site firms in the same industry.

Note that these differences may be due in part to different scheduling practices; multiple-site firms may tend to hire more part-time or temporary workers. In addition, the average number of employees per store may reflect underlying differences in single- and multiple-site businesses. For example, Chapter IV shows that formula retail establishments tend to occupy bigger floor plates than independent businesses, and larger businesses would be expected to employ more workers. Other factors may be specific to particular types of retail. For example, the grocery store category includes both supermarkets – which have large floor plates and employ dozens of workers – and small, independently owned corner stores.

Retail stores and restaurants are among the lowest-paying industries in the city, but there is significant variation in pay within the retail sector. In 2012, the average wage for all workers employed by privately owned firms in San Francisco was \$1,680 per week.⁷¹ In comparison, the average

⁷⁰ The health and personal care stores category includes pharmacies and drug stores, cosmetics stores, optical goods stores, and other health and personal care stores.

⁷¹ All wages assume a 50-week work year.

June 2014

weekly wage for San Francisco workers was \$815 at retail stores and \$490 at restaurants. However, employers in some retail subsectors paid significantly higher average wages. In the electronics and appliance store, home furnishings, automobile dealer,⁷² and furniture store categories, workers earned an average of \$1,200 to \$1,600 a week. Other retail jobs tend to pay much less. For example, workers at sporting goods/musical instrument stores, shoe stores, lawn and garden equipment stores, specialty food stores, gasoline stations, and book, periodical, and music stores were paid less than \$575 a week on average in 2012.

As with the average number of workers per store, average pay rates likely reflect a range of factors including the ratio of full-time to part-time workers, the number of workers who worked the full year, and the number of individuals in high-paying versus low-paying occupations within each industry.⁷³

The difference in average pay rate between single- and multiple-site stores and restaurants also varies significantly by industry. On average, single- and multiple-site stores and restaurants pay very similar wages. However, the averages obscure large differences within some industries. For example, in the electronics and appliance, furniture, office supplies/stationery/gift, other general merchandise, health and personal care, and grocery store industries, workers at multiple-site stores earned between \$110 and \$1,285 a week *more* than workers at single-site stores. However, at stores selling automobile parts and accessories, liquor, shoes, sporting goods, used merchandise, home furnishings, and other miscellaneous goods, workers at multiple-site stores earned between \$120 and \$1,630 *less* than workers at single-site stores.

⁷² Note that automobile dealers are not currently covered by San Francisco's formula retail controls.

⁷³ State of California Employment Development Department, Quarterly Census of Employment and Wages, 2012; Strategic Economics, 2014.

Figure V-3. Total Workforce by Industry (Retail, Restaurant, and Finance) and Single- versus Multiple-Site Firms: San Francisco, 2012

NAICS Code	Industry	Total Workforce (a)			
		Single-Site Firms	Firms with Multiple Sites	Total, All Firms	Firms with Multiple Sites as % of All Firms
Stores					
4451	Grocery Stores	2,523	4,550	7,072	64%
4481	Clothing Stores	2,307	4,578	6,885	66%
4521	Department Stores	*	*	4,461	*
4461	Health and Personal Care Stores	792	3,256	4,048	80%
4431	Electronics and Appliance Stores	924	996	1,920	52%
4452	Specialty Food Stores	1,570	212	1,782	12%
4422	Home Furnishings Stores	1,166	615	1,781	35%
4441	Building Material and Supplies Dealers	922	513	1,435	36%
4539	Other Miscellaneous Store Retailers	983	366	1,349	27%
4511	Sporting Goods, Hobby, Musical Instrument Stores	617	680	1,297	52%
4532	Office Supplies, Stationery, Gift Stores	671	455	1,125	40%
4482	Shoe Stores	406	588	993	59%
4411	Automobile Dealers (b)	600	299	900	33%
4529	Other General Merchandise Stores	416	425	841	51%
4483	Jewelry, Luggage, Leather Goods Stores	525	285	810	35%
4471	Gasoline Stations (b)	511	200	711	28%
4533	Used Merchandise Stores	400	269	669	40%
4453	Beer, Wine, and Liquor Stores	417	77	494	16%
4512	Book, Periodical, and Music Stores	282	210	492	43%
4421	Furniture Stores	284	158	442	36%
4413	Automotive Parts, Accessories, and Tire Stores	181	141	322	44%
4531	Florists	176	0	177	0%
4442	Lawn and Garden Equipment and Supplies Stores	81	87	167	52%
	Total Stores	16,753	18,956	40,172	47%
Restaurants					
7225	Restaurants	38,120	8,364	46,483	18%
7224	Drinking Places (Alcoholic Beverages)	3,230	0	3,230	0%
7223	Special Food Services (b)	1,903	983	2,887	34%
	Total Restaurants	43,253	9,347	52,600	18%
Banks, Credit Unions, Savings & Loans					
5221	Depository Credit Intermediation	912	10,949	11,861	92%

(a) Average monthly employment in 2012.

(b) Use not subject to San Francisco's formula retail controls.

*Suppressed to preserve confidentiality

"Single-Site Firms" are firms that reported one worksite in California; "Firms with Multiple Sites" reported multiple worksites in California.

Acronyms:

NAICS: North American Industry Classification System

Sources: State of California Employment Development Department (EDD), Quarterly Census of Employment and Wages, 2012; Strategic Economics, 2014. Based on EDD data that have not been independently verified.

Figure V-4. Average Workers per Establishment by Industry (Retail, Restaurant, and Finance) and Single- versus Multiple-Site Firms: San Francisco, 2012

NAICS Code	Industry	Average Workers per Establishment		
		Single-Site Firms	Firms with Multiple Sites	All Firms
Stores				
4451	Grocery Stores	9	91	22
4481	Clothing Stores	10	28	17
4521	Department Stores	*	*	297
4461	Health and Personal Care Stores	6	15	12
4431	Electronics and Appliance Stores	9	15	11
4452	Specialty Food Stores	9	10	9
4422	Home Furnishings Stores	14	27	16
4441	Building Material and Supplies Dealers	9	21	11
4539	Other Miscellaneous Store Retailers	5	25	7
4511	Sporting Goods, Hobby, Musical Instrument Stores	8	28	12
4532	Office Supplies, Stationery, Gift Stores	5	12	6
4482	Shoe Stores	15	14	14
4411	Automobile Dealers (a)	67	75	69
4529	Other General Merchandise Stores	10	71	18
4483	Jewelry, Luggage, Leather Goods Stores	5	13	6
4471	Gasoline Stations (a)	10	7	9
4533	Used Merchandise Stores	7	13	9
4453	Beer, Wine, and Liquor Stores	5	19	6
4512	Book, Periodical, and Music Stores	9	22	13
4421	Furniture Stores	5	11	6
4413	Automotive Parts, Accessories, and Tire Stores	7	11	8
4531	Florists	3	N/A	3
4442	Lawn and Garden Equipment and Supplies Stores	5	14	8
	Total Stores	8	23	14
Restaurants				
7225	Restaurants	16	28	17
7224	Drinking Places (Alcoholic Beverages)	10	N/A	10
7223	Special Food Services (a)	24	20	22
	Total Restaurants	15	27	17
Banks, Credit Unions, Savings & Loans				
5221	Depository Credit Intermediation	31	36	35

(a) Use not subject to San Francisco's formula retail controls.

*Suppressed to preserve confidentiality

"Single-Site Firms" are firms that reported one worksite in California; "Firms with Multiple Sites" reported multiple worksites in California.

Acronyms:

N/A: Not applicable (no firms fall in these categories)

NAICS: North American Industry Classification System

Source: State of California Employment Development Department (EDD), Quarterly Census of Employment and Wages, 2012; Strategic Economics, 2014. Based on EDD data that have not been independently verified.

Figure V-5. Average Weekly Pay per Employee by Industry (Retail, Restaurant, and Finance) and Single-versus Multiple-Site Firms: San Francisco, 2012

		Average Weekly Pay per Employee (a)				
NAICS Code	Industry	Single-Site Firms	Firms with Multiple Sites	All Firms	Difference (b)	% Difference
Stores						
4451	Grocery Stores	\$523	\$634	\$595	\$111	18%
4481	Clothing Stores	\$575	\$631	\$611	\$56	9%
4521	Department Stores	*	*	\$757	*	*
4461	Health and Personal Care Stores	\$923	\$1,141	\$1,098	\$218	19%
4431	Electronics and Appliance Stores	\$982	\$2,267	\$1,648	\$1,285	57%
4452	Specialty Food Stores	\$508	\$447	\$500	-\$61	-14%
4422	Home Furnishings Stores	\$2,124	\$495	\$1,561	-\$1,629	-329%
4441	Building Material and Supplies Dealers	\$926	\$858	\$902	-\$68	-8%
4539	Other Miscellaneous Store Retailers	\$1,066	\$681	\$962	-\$385	-57%
4511	Sporting Goods, Hobby, Musical Instrument Stores	\$683	\$466	\$573	-\$217	-47%
4532	Office Supplies, Stationery, Gift Stores	\$486	\$745	\$588	\$259	35%
4482	Shoe Stores	\$639	\$424	\$512	-\$214	-51%
4411	Automobile Dealers (c)	\$1,507	\$1,592	\$1,534	\$85	5%
4529	Other General Merchandise Stores	\$534	\$773	\$655	\$240	31%
4483	Jewelry, Luggage, Leather Goods Stores	\$1,095	\$1,062	\$1,085	-\$34	-3%
4471	Gasoline Stations (c)	\$488	\$449	\$477	-\$38	-9%
4533	Used Merchandise Stores	\$894	\$475	\$726	-\$419	-88%
4453	Beer, Wine, and Liquor Stores	\$635	\$428	\$603	-\$207	-48%
4512	Book, Periodical, and Music Stores	\$483	\$409	\$452	-\$74	-18%
4421	Furniture Stores	\$1,116	\$1,560	\$1,273	\$444	28%
4413	Automotive Parts, Accessories, and Tire Stores	\$837	\$718	\$784	-\$118	-16%
4531	Florists	\$593	N/A	\$592	N/A	N/A
4442	Lawn and Garden Equipment and Supplies Stores	\$538	\$484	\$508	-\$55	-11%
	Total Stores	\$823.19	\$821	\$815	-\$2	0%
Restaurants						
7225	Restaurants	\$490	\$494	\$494	\$3	1%
7224	Drinking Places (Alcoholic Beverages)	\$431	N/A	\$431	N/A	N/A
7223	Special Food Services (b)	\$472	\$664	\$539	\$191	29%
	Total Restaurants	\$485	\$512	\$493	\$26	5%
Banks, Credit Unions, Savings & Loans						
5221	Depository Credit Intermediation	\$2,284	\$2,900	\$2,852	\$616	21%

(a) Assumes 50-week work year.

(b) Average weekly pay for firms with multiple sites, minus average weekly pay for single-site firms.

(c) Use not subject to San Francisco's formula retail controls.

*Suppressed to preserve confidentiality

"Single-Site Firms" are firms that reported one worksite in California; "Firms with Multiple Sites" reported multiple worksites in California.

Acronyms:

N/A: Not applicable (no firms fall in these categories)

NAICS: North American Industry Classification System

Source: State of California Employment Development Department (EDD), Quarterly Census of Employment and Wages, 2012; Strategic Economics, 2014. Based on EDD data that have not been independently verified.

Employee Benefits

In 2009, two years after the adoption of San Francisco's Paid Sick Leave Ordinance and one year after the adoption of the Health Care Security Ordinance, researchers at U.C. Berkeley surveyed 1,010 firms in San Francisco and elsewhere in the Bay Area on their health benefit and paid sick leave offerings. Results were broken down by firm size (number of workers at location) and, for paid sick leave, by industry.⁷⁴ Note that all results discussed below are based on data gathered prior to the adoption of the Affordable Care Act (ACA), which introduced a series of policies designed to improve access to health coverage. Most of provisions of the ACA went into effect at the beginning of 2014.

This section discusses the results of the survey. Figures V-6 and V-7 show the percent of surveyed firms that offered health insurance and the deductible of the most popular health plans by firm size and location. Figure V-8 shows the percent of surveyed firms that offered paid sick leave by firm size and industry. Key findings are as follows.

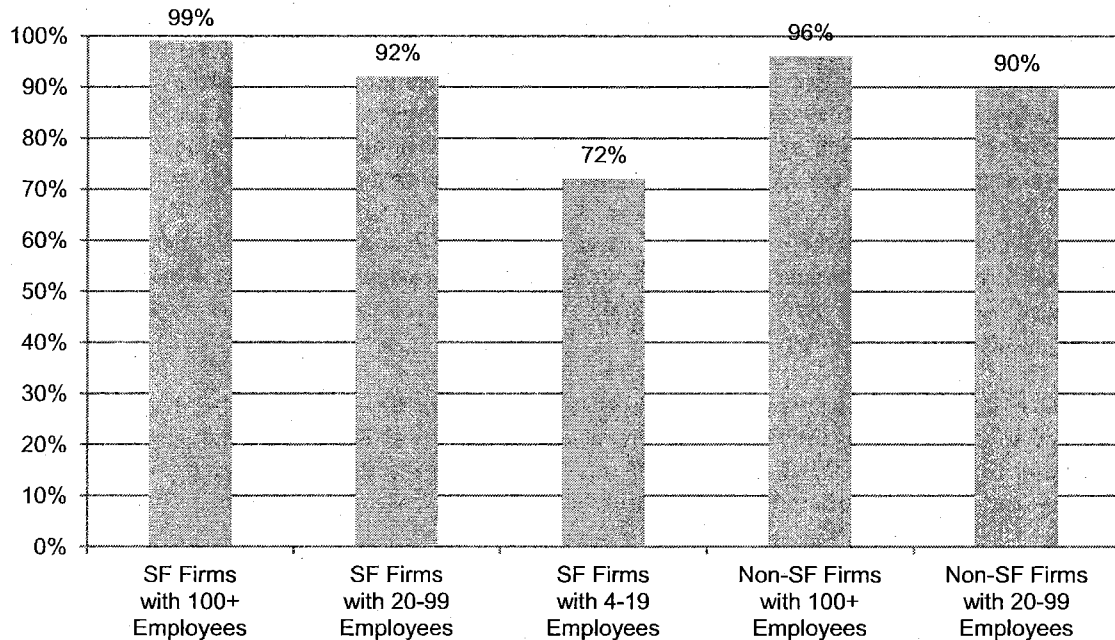
Firms in San Francisco were more likely to offer health insurance than firms elsewhere in the Bay Area in 2009. In San Francisco, 99 percent of large firms (100 or more employees) and 92 percent of medium firms (20 to 99 employees) offered health insurance in 2009, compared to 96 percent of large firms and 90 percent of medium firms elsewhere in the Bay Area (Figure V-6).

Compared to large firms, small firms were less likely to offer health insurance and more likely to offer policies with higher deductibles. In San Francisco, just over 70 percent of small firms (4 to 19 employees) offered insurance in 2009 (Figure V-6). Of those firms that offered insurance, small firms were much more likely than medium or large firms to have a high deductible (more than \$1,000) for the most popular plan (Figure V-7). The 2009 survey did not collect data on small firms located elsewhere in the Bay Area, but the percentage of small firms offering insurance in San Francisco appears to be high by national standards. As a point of comparison, a national study by the Kaiser Foundation found that only 50 percent of firms with fewer than 10 workers offered health insurance to their employees in 2012.⁷⁵

⁷⁴ As discussed above, formula/multiple-site retail stores and restaurants tend to be significantly larger than independent/single-site businesses. The results shown below were reported in William H. Dow, Arindrajit Dube, and Carrie Hoverman Colla, *Bay Area Employer Health Benefits Survey: Health Benefits Report 2009* (University of California Berkeley, May 2010), <http://www.irl.berkeley.edu/cwed/wp/healthbenefits10.pdf>; and Vicky Lovell, "Universal Paid Sick Leave," in *When Mandates Work: Raising Labor Standards at the Local Level* (Berkeley: University of California Press, 2014), 197–225.

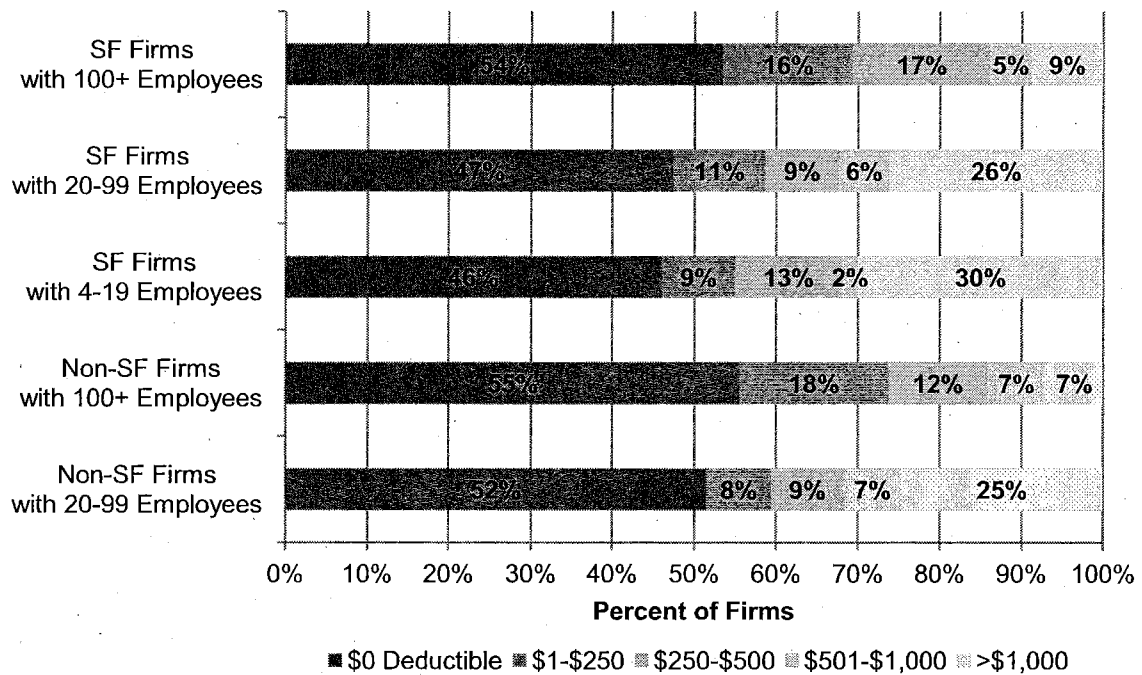
⁷⁵ Panchal, Rae, and Claxton, *Snapshots*.

Figure V-6. Percent of Firms that Offered Health Insurance by Firm Size and Location (San Francisco versus Elsewhere in the Bay Area), 2009



Source: "Bay Area Employer Health Benefits Survey: Health Benefits Report 2009."

Figure V-7. Deductible of Most Popular Health Plan, by Firm Size and Location (San Francisco versus Elsewhere in the Bay Area), 2009



Source: "Bay Area Employer Health Benefits Survey: Health Benefits Report 2009."

While the majority of San Francisco firms provided paid sick leave in 2009, paid sick leave was less common at small businesses and businesses in the leisure and hospitality and retail and wholesale trade sectors. The 2007 Paid Sick Leave Ordinance mandated that all employees who work in San Francisco, including part-time and temporary workers, are entitled to paid time off from work when they or their family members are sick or need medical care. As of 2009, 82 percent of all firms in San Francisco indicated that they were in compliance with the law (Figure V-8). In comparison, 78 percent of very small businesses (fewer than 10 employees), 62 percent of businesses in the hospitality trade, and 78 percent of businesses in the retail and wholesale trade provided paid sick leave.⁷⁶

Figure V-8. Percent of San Francisco Firms Providing Paid Sick Leave by Number of Workers and Sector, 2009

	% of Firms Providing Paid Sick Leave
Number of Workers at Firm (All Industries)	
1 to 9	78.4%
10 to 24	92.0%
25 to 49	97.5%
50 or More	99.4%
Sector (All Firm Sizes)	
Leisure and Hospitality	62.1%
Retail and Wholesale Trade	77.9%
All Firms	82.1%

Sources: Bay Area Employer Health Benefits Survey, 2009; Calculations by Lovell, 2014.

Conclusions

Employment practices vary as much or more by retail subsector and firm size as by whether a business is “formula” or “independent.” On average, single- and multiple-site retail stores and restaurants in San Francisco pay similar wages. However, these averages mask large pay differences within some retail subsectors. Firms with multiple sites do tend to employ significantly more workers than firms with a single location, although some of the difference may be due to scheduling and other business practices (e.g., multiple-site firms may tend to hire more part-time or temporary workers).

Both nationally and in San Francisco, retail stores, restaurants, and smaller firms typically provide fewer benefits compared to other types of businesses. However, San Francisco’s labor laws raise the floor, so that firms in all industries are required to offer higher pay and better benefits compared to their counterparts elsewhere in the country (although small firms are exempt from some requirements).

⁷⁶ For most types of firms, the percentage offering paid sick leave in 2009 represented a significant increase from before the Paid Sick Leave Ordinance went into effect. Prior to the implementation of the ordinance, only 64 percent of very small firms (fewer than 10 workers), 24 percent of hospitality firms, and 62 percent of retail and wholesale trade firms offered paid sick leave.

VI. FORMULA RETAIL AND THE REAL ESTATE MARKET

This chapter explores the relationships among the commercial real estate market in San Francisco's neighborhood districts, formula retail controls, and formula retail establishments. In addition to qualitatively assessing the roles that formula retail and the controls play in neighborhood districts based on interviews and focus groups with local real estate professionals, merchants, and other stakeholders (listed in Appendix E), Strategic Economics used data from CoStar, a commercial vendor, to examine whether the approval, disapproval, or withdrawal of conditional use (CU) applications is correlated with either increases or decreases in area rental rates and vacancies in selected neighborhood districts.

Background and Methodology

Although individual brokers and businesses have many anecdotes about the impact of either formula retail controls or formula retail businesses on the commercial real estate market, it is difficult to isolate and measure those impacts on a citywide or even neighborhood basis. The performance of neighborhood commercial districts is constantly shifting due to broader economic trends and other factors, and each of San Francisco's individual shopping districts has its own unique character and serves a distinct market, making the districts difficult to compare. Moreover, no known sources collect reliable data – especially time series data – on rents and vacancies in neighborhood-serving districts.

In order to explore the relationship between formula retail and the real estate market in light of these challenges, this chapter draws on multiple qualitative and quantitative sources. These include comments provided by real estate brokers, merchant association representatives, and other stakeholders during the first round of focus groups; interviews with several additional San Francisco real estate brokers; published broker reports;⁷⁷ and a case study analysis of CoStar data.

CoStar contacts brokers, owners, and developers on a quarterly basis, surveying them about vacancies, asking rents, rents from recent transactions, tenants, and other information. In San Francisco, CoStar tracks more than 7,000 retail buildings, most of which are located in and around Downtown. Although CoStar maintains the largest and most comprehensive database of commercial real estate information in the country, the brokers interviewed for this chapter cautioned that the data should be interpreted with great care. CoStar's information is self-reported by real estate brokers, many of whom withhold rental rates in order to protect their competitive position. In addition, many properties are not listed on CoStar. Small landlords in neighborhood commercial districts are particularly unlikely to list their properties with CoStar. Despite these limitations, CoStar remains the only available source for neighborhood-level data on rents and vacancies and – given that the data are collected by a single source using a consistent method over time – can at least be expected to capture broad trends over time.

Strategic Economics used the CoStar database to collect quarterly data on rents and vacancies in neighborhood commercial districts (NCDs). After collecting data on a number of NCDs located throughout the city, Strategic Economics selected for further analysis four districts that had attracted at least four to six conditional use applications since 2007, and for which CoStar reported a sufficient number of transactions in most quarters to produce meaningful data on rents and vacancies. These districts are the Mission Street Neighborhood Commercial Transit District (NCT), the Ocean Avenue NCT, Lombard and Chestnut Streets between Fillmore and Divisadero Streets, and Geary Boulevard

⁷⁷ Terranomics Retail Services, "San Francisco Retail Report," Second Quarter 2013; Marcus & Millichap, "Market Overview: San Francisco Market Overview," Third Quarter 2013; CoStar, "The CoStar Retail Report: San Francisco Retail Market," Year-End 2013.

between 28th and Masonic Avenues.⁷⁸ For comparison, data were also collected on the broader submarkets in which the neighborhood commercial districts are located.⁷⁹

Findings

Understanding the Retail Market

Retail rents and vacancies are influenced by many factors, including broader economic trends, the location of specific neighborhoods and storefronts, and landlord and tenant expectations. This section discusses some of the general factors that influence local retail markets.

Fundamentally, retail real estate markets are driven by demand for goods and services. Consumer demand is strongly affected by the performance of the regional, national, and global economy.

At the local level, rents and vacancies vary significantly depending on location, reflecting the customer traffic and sales volume that different locations are expected to yield. For example, rents will tend to be higher and vacancies lower in shopping districts that draw many visitors from across the region or serve a neighborhood with high average incomes, factors that typically generate high retail sales volumes. Retailers also benefit from clustering with other retailers; a concentration of retail activity creates a destination that offers variety and selection, attracting more shoppers.

Successful shopping districts are often anchored by a large, name-brand retailer that drives business to smaller retailers in the same district. A cluster of similar businesses, such as restaurants or clothing boutiques, can also act as an anchor.

National retailers typically seek large, prominent storefronts, while mom-and-pop retailers are often better suited for (and can better afford) smaller, shallower spaces. The location and characteristics of any given storefront will also affect how long the property stays vacant, the types of tenants that the space can attract, and the rent that the landlord can charge. Retail tenants typically prefer spaces that are highly visible and accessible to prospective shoppers, but individual tenants often have very specific requirements for the kind of space that they occupy. For example, restaurants require specific utility connections and ventilation improvements.

Landlords often perceive a benefit in renting to national or regional chains. The expectations and resources of individual landlords and tenants will affect the terms of any given transaction. For instance, landlords often perceive a benefit in renting to chains, which typically have better credit and can sign longer leases than small, independent retailers, lowering the risk that the tenant will be unable to pay its rent.⁸⁰ Landlords also have an interest in renting a vacant space and beginning to collect rent as soon as possible.

Regulations that restrict the potential range of tenants – such as controls on where formula retail can locate – would be expected to drive down rents and increase vacancies. Land use regulations can affect the real estate market by constraining the supply or viability of retail space. Some zoning regulations, like formula retail controls, effectively limit the viability of retail space by restricting the types of tenants that are permitted in particular locations or increasing the time and cost of receiving

⁷⁸ Several districts were initially included in the analysis but had to be discarded due to insufficient data. These include the Polk Street NCD, Lakeside Plaza, and the Upper Fillmore NCD.

⁷⁹ CoStar divides San Francisco into several submarkets. The Mission Street and Ocean Street NCTs are located in the "Southern City" submarket, which includes the area south of 16th Street and west of Highway 101. Lombard/Chestnut and Geary are located in the "West of Van Ness" submarket, which includes the area west of Van Ness Avenue and north of 16th Street.

⁸⁰ Sources: interviews and focus groups with local real estate professionals, merchants, and other stakeholders (see Appendix E); Terranomics, 2013.

entitlements. These types of regulations would be expected to decrease rents and increase vacancy rates. On the other hand, zoning regulations can also effectively limit the supply of retail space by restricting the location, amount, or type of retail development that can occur. Regulations that limit supply would typically be expected to increase rents and decrease vacancy rates. In addition to the formula retail controls, the San Francisco Planning Code includes many other provisions that restrict the ability of property owners to develop new space, and the types of tenants that are permitted in certain locations.

San Francisco's Commercial Real Estate Market and Formula Retail

San Francisco's retail market is among the strongest in the country, but rents vary significantly by location within the city. San Francisco's low unemployment rate and growing household incomes have led to a booming commercial real estate sector. Terranomics, a real estate firm focused on the retail sector in Northern California, reported that asking rents for freestanding and street level retail space increased 10 to 15 percent between mid-2012 and mid-2013 in the city as a whole. Average asking rents in the second quarter of 2013 ranged from \$20 per square foot per year (NNN⁸¹) in some outlying areas to between \$50 and \$60 in the heart of the Financial District and \$100 to \$200 at Union Square.⁸² These rents reflect the range of sales volumes that stores can expect to generate in different locations within the city.

The formula retail regulations create disincentives for formula retailers to locate in San Francisco's neighborhood commercial districts. According to brokers who work with chain retailers, obtaining a formula retail CU authorization typically takes 6 to 12 months and can cost tens of thousands of dollars, including fees for attorneys, architects, and community outreach consultants and other costs. As a result, brokers report that many formula retailers are unwilling to consider locations in San Francisco's neighborhood commercial districts. In addition, because of the time, cost, and uncertainty associated with the CU process, formula retailers often insist on leases that give the tenant the right to terminate if the tenant does not succeed in obtaining the necessary entitlements, and/or to delay paying rent until the entitlements are issued.

The formula retail regulations also create costs and uncertainty for landlords, but market conditions in the most attractive markets may still favor formula retailers. For landlords, these provisions mean that signing a formula retailer as a tenant can entail significant opportunity costs (i.e., no rent for 6 to 12 months) and uncertainty. On the other hand, many landlords in San Francisco's most attractive retail markets (e.g., Upper Fillmore) require letters of credit guaranteeing 6 to 12 months' worth of rent, and/or charge several thousand dollars in "key money" as a condition of signing the lease.⁸³ Start-ups and other independent retailers often find it difficult to meet these requirements.⁸⁴

Formula retail controls may help lower costs for independent retailers, but most of these retailers are not suited for spaces with large floor plates. By making neighborhood commercial districts less attractive for formula retailers, the formula retail controls likely help create lower-cost opportunities for independent retailers who cannot compete for space in San Francisco's premium retail locations. However, most independent retailers are best suited for smaller storefronts; as discussed in Chapter IV, 80 percent of independent retailers occupy 3,000 square feet or less, while 85 percent of formula retailers occupy more than 3,000 square feet. Brokers report that large, deep spaces may sit empty for extended

⁸¹ In a triple net (NNN) lease, the tenant agrees to pay all real estate taxes, building insurance, and maintenance on the property in addition to rent and utilities.

⁸² Terranomics, 2013.

⁸³ Note that "key money" can refer to payments that new tenants make either to a landlord in order to secure a lease, or to an existing tenant for the right to assume the tenant's lease.

⁸⁴ Sources: interviews and focus groups with local real estate professionals, merchants, and other stakeholders (see Appendix E); Terranomics, 2013.

periods of time if a formula retail CU application is disapproved or withdrawn, and that these vacant spaces can act as a drag on the vibrancy and overall performance of the surrounding district.⁸⁵

A formula retailer that serves as an anchor can have a positive effect on neighboring retailers and the local real estate market, while other formula retailers may detract from the economic health of a district. As discussed in Chapter V, most of the literature on the economic impact of chain retail has focused on Walmart or other big box stores.⁸⁶ However, San Francisco's formula retail controls cover a wide range of business types and big box stores are very rare in the city; as shown in Chapter IV, only five percent of the city's formula retail establishments are between 20,000 and 50,000 square feet, while less than one percent are more than 50,000 square feet.

As a result, it is impossible to generalize about the impact of formula retail on neighboring retailers or the broader real estate market based on previous studies. However, the experience of brokers, merchants, and other stakeholders illustrates that different formula retailers can have different neighborhood impacts.

For example, a formula retailer that serves as an anchor and draws new customers to a neighborhood commercial district can have a positive effect on other retailers in the district, and potentially lead to increased sales and rents. In the Ocean Avenue Neighborhood Commercial Transit District, for example, a new Whole Foods has attracted new customers and contributed to efforts to revitalize this area. (See Chapter VIII for more information.)

Other formula retailers could detract from the attractiveness or distinctive feel of a district. Upper Fillmore is an example of how an influx of formula retail can lead to concerns about a district losing its distinctive feel. Among other concerns, local residents and merchants have noticed a decline in the number of businesses that serve residents' daily needs. (See Chapter VIII for more information.)

Regional and national economic trends appear to be the most important factor affecting the performance of neighborhood commercial districts. Figures VI-1 through VI-4 show formula retail CU application activity (approved, disapproved, and withdrawn applications) compared to average rents and vacancy rates in selected neighborhood commercial districts.⁸⁷ For comparison, the charts also show average rents and vacancy rates in the broader submarkets, as defined by CoStar. Overall, rents began to fall in 2008 or 2009 as the national economy plunged into recession, and began to increase again in 2011 or 2012 as the economy recovered. Formula retail CU application activity is also strongly correlated with the business cycle, with most of the applications occurring before or after the recession. Vacancy rates are much more volatile, likely reflecting the outsize effect that one or two newly vacated or filled storefronts can have on the average vacancy rate in a small area.

Formula retail conditional use applications that were approved in 2008 or 2009 were generally followed by a decrease in rents; applications approved after 2011 were generally followed by an increase in rents. This pattern reflects the over-riding importance of the business cycle in driving the

⁸⁵ The Planning Commission considers neighborhood vacancy rates in deciding whether to issue formula retail CU authorizations.

⁸⁶ For example, see John Haltiwanger, Ron Jarmin, and Cornell John Krizan, *Mom-and-Pop Meet Big-Box: Complements or Substitutes?*, Working Paper (Cambridge, MA: National Bureau of Economic Research, September 2009), <http://www.sciencedirect.com/science/article/pii/S0094119009000643>; David Neumark, Junfu Zhang, and Stephen Ciccarella, *The Effects of Wal-Mart on Local Labor Markets*, Working Paper (Cambridge, MA: National Bureau of Economic Research), accessed February 18, 2014, <http://www.nber.org/papers/w11782.pdf>; Emek Basker, "Job Creation or Destruction? Labor Market Effects of Wal-Mart Expansion," *Review of Economics and Statistics* 87, no. 1 (February 1, 2005): 174–83, doi:10.1162/0034653053327568.

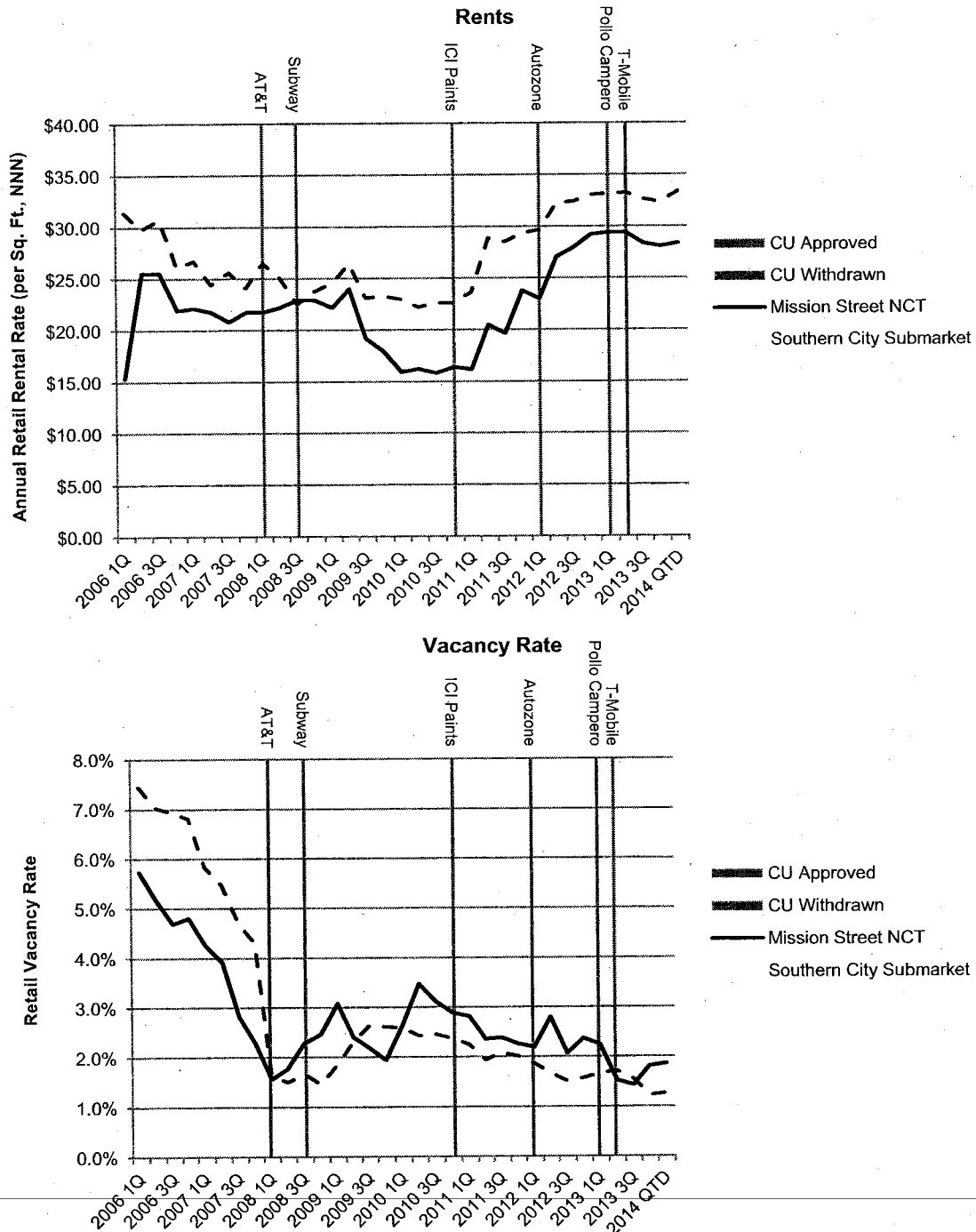
⁸⁷ Note that CUs are shown in the quarter in which final Planning Department action took place. Leases may have been signed as many as 6 to 12 months prior to Planning Department action on the CU; for CUs that were approved, the formula retailer in question may not open until several months later.

retail market. The Lombard/Chestnut area (Figure VI-3) showed a slightly different pattern; rents continued to go up for several quarters after Apple and Urban Outfitters were approved in 2007 and 2008, with the dip in rents slightly delayed and more shallow compared to the other districts. This may in part reflect the fact that Apple and Urban Outfitters helped support an increase in rents by attracting new customers to the area; on the other hand, the Lombard/Chestnut area may simply have performed better due to other underlying strengths.

Conclusions

The impact of formula retail and formula retail controls on the real estate market in San Francisco's neighborhood commercial districts is as complex and varied as the districts themselves. While landlords typically perceive a benefit in renting to national or regional chains because these businesses can afford higher rents, are often able to sign longer leases, and typically have better credit than independent retailers, San Francisco's formula retail controls effectively create other disincentives for landlords to rent to formula retailers and for formula retailers to locate in the city's neighborhood commercial districts. Based on the selected neighborhoods for which data were available, there does not appear to be a consistent relationship between the approval of a new formula retail CU and the subsequent direction of local rents and vacancies. Rather, retail market trends over time appear to be primarily related to regional and national economic cycles. Moreover, different formula retailers likely have different neighborhood impacts; a new retailer can have a positive, negative, or neutral effect depending on the extent to which it contributes to the overall attractiveness of the district and attracts new customers. These effects are explored in more detail in the neighborhood case studies in Chapter VIII.

Figure VI-1. Rents, Vacancies, and Formula Retail Conditional Use Application Activity in the Mission Street Neighborhood Commercial Transit District, 2006-January 2014



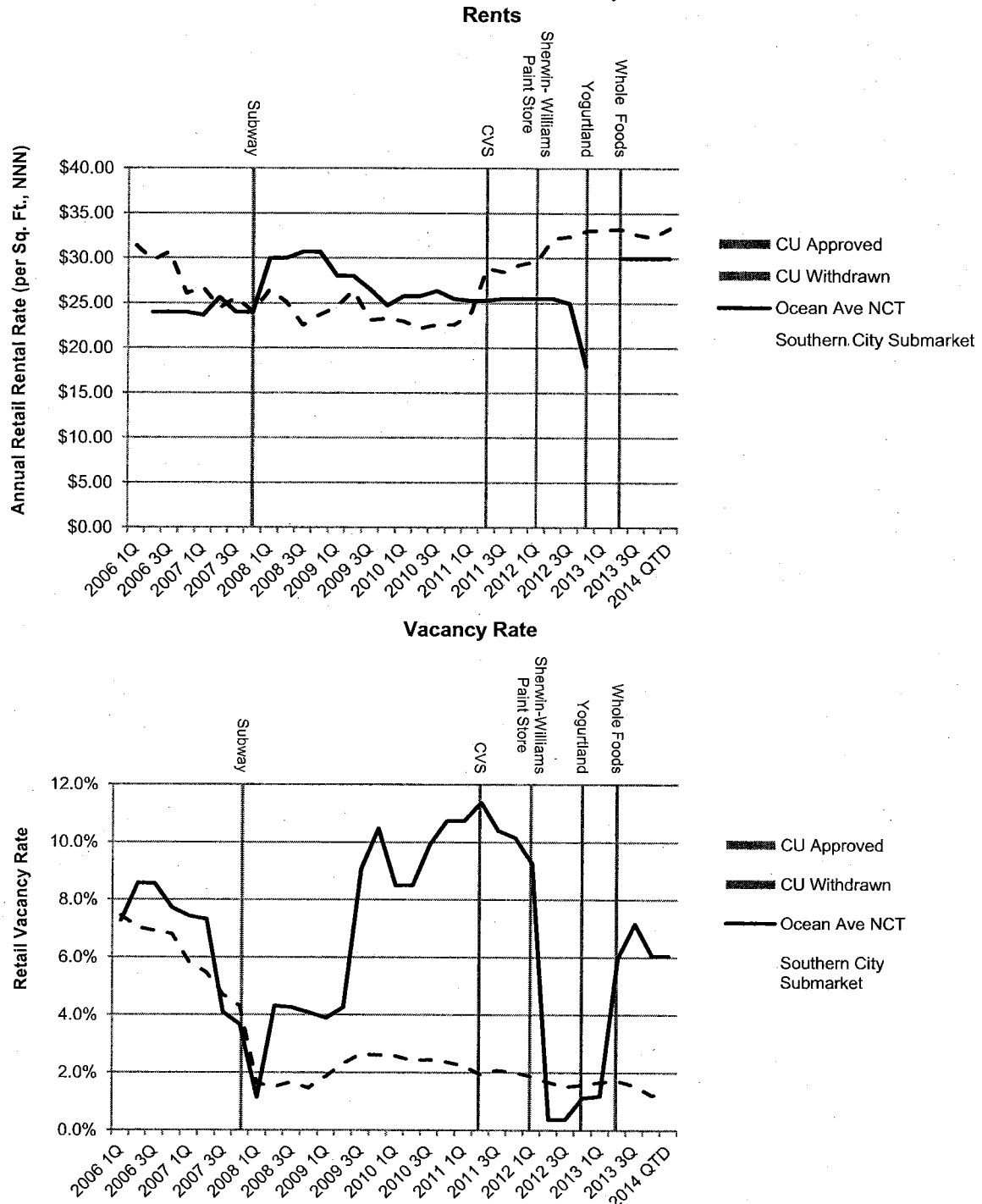
The Southern City Submarket stretches south of 16th Street to the Daly City border, and west of Highway 101 to the shoreline.

Acronyms:

CU: Conditional use application
NCT: Neighborhood commercial transit district
NNN: Triple net

Sources: CoStar, 2014; City and County of San Francisco, 2014; Strategic Economics, 2014.
Rents and vacancies based on CoStar data that have not been independently verified.

Figure VI-2. Rents, Vacancies, and Formula Retail Conditional Use Application Activity in the Ocean Avenue Neighborhood Commercial Transit District, 2006-January 2014



The Southern City Submarket stretches south of 16th Street to the Daly City border, and west of Highway 101 to the shoreline.

Acronyms:

CU: Conditional use application

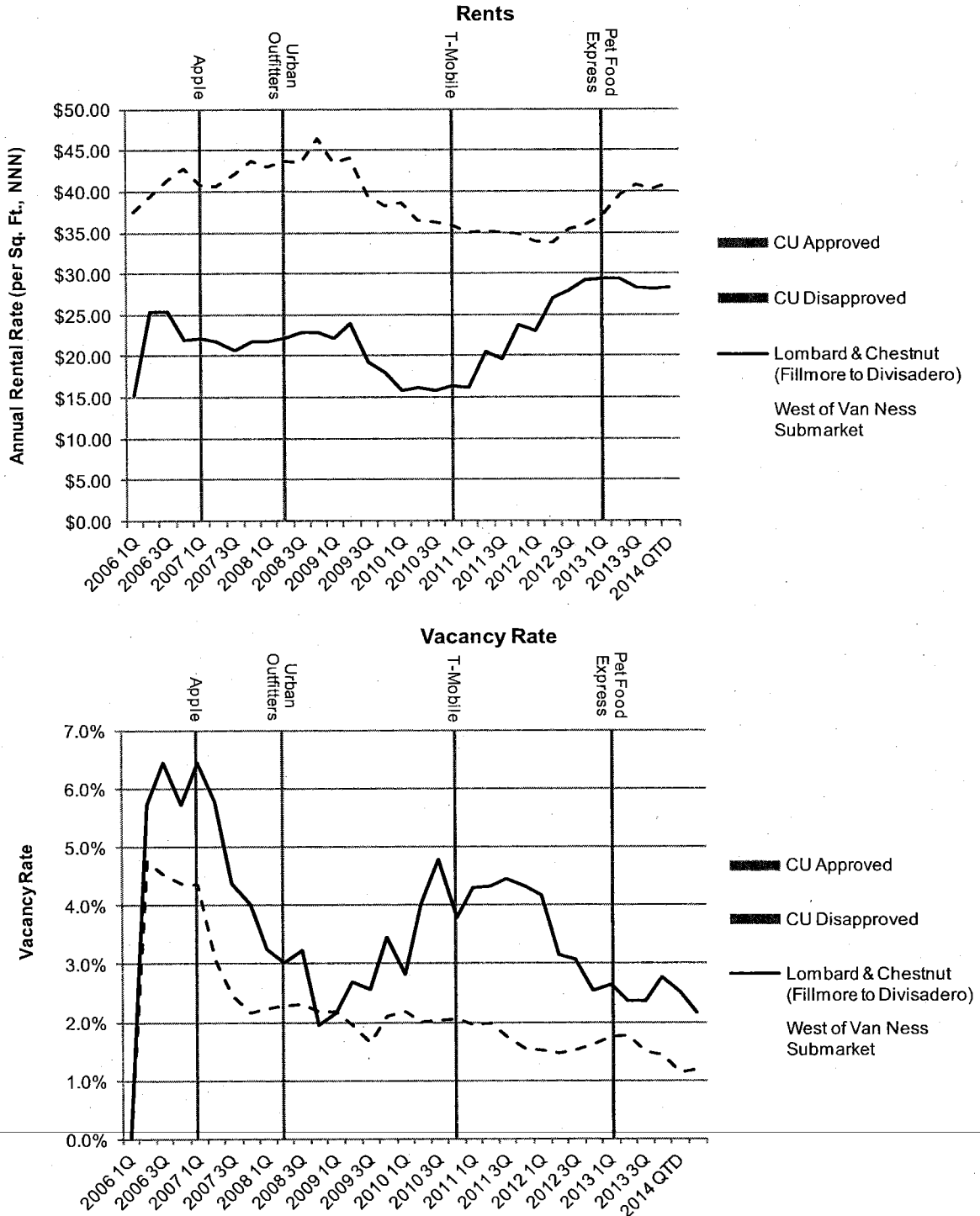
NCT: Neighborhood commercial transit district

NNN: Triple net

Sources: CoStar, 2014; City and County of San Francisco, 2014; Strategic Economics, 2014.

Rents and vacancies based on CoStar data that have not been independently verified.

Figure VI-3. Rents, Vacancies, and Formula Retail Conditional Use Application Activity on Lombard and Chestnut Streets (Fillmore Street to Divisadero Street), 2006-January 2014



The West of Van Ness Submarket stretches west from Van Ness Avenue and north of 16th Street to the shoreline.

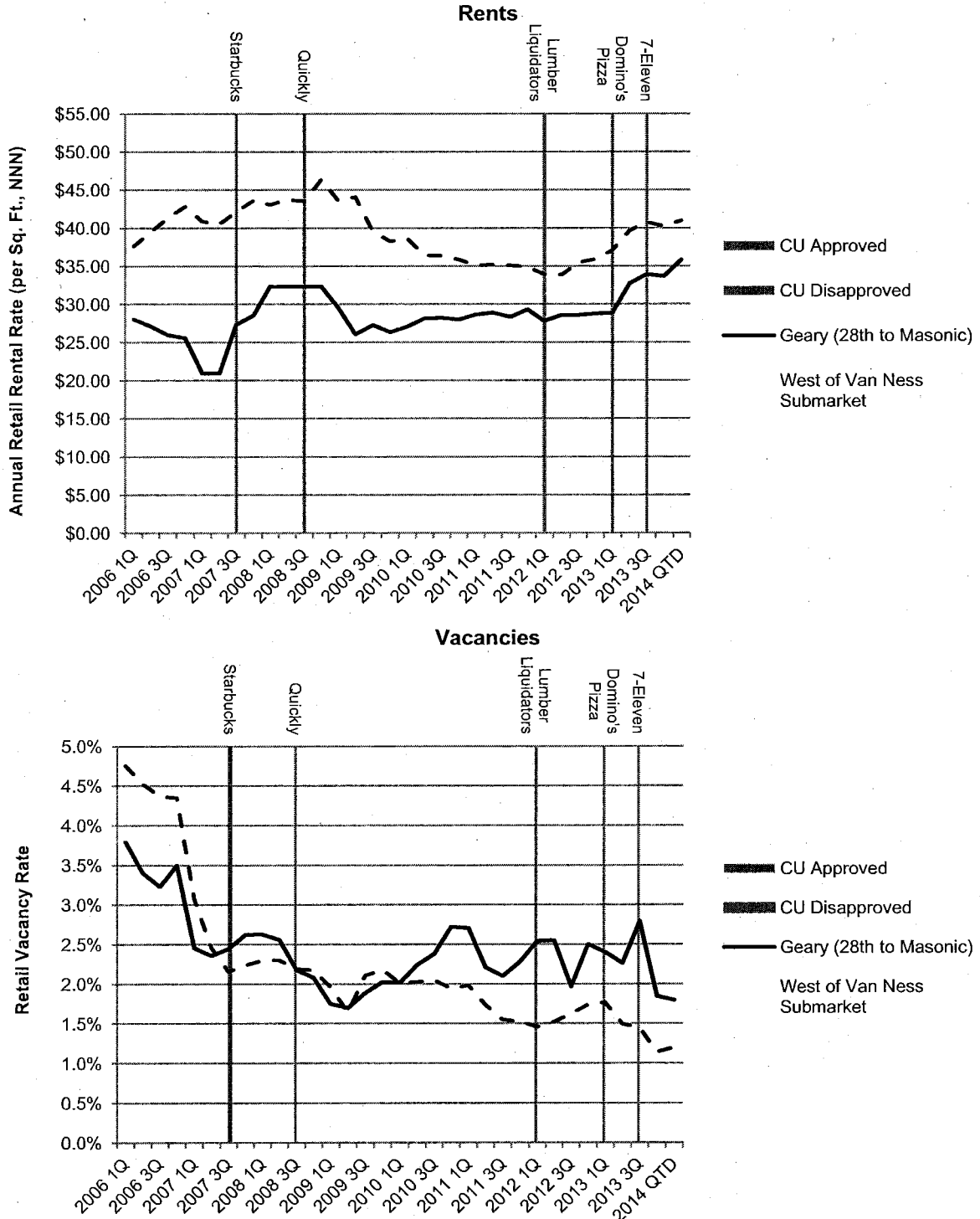
Acronyms:

CU: Conditional use application; NNN: Triple net

Sources: CoStar, 2014; City and County of San Francisco, 2014; Strategic Economics, 2014.

Rents and vacancies based on CoStar data that have not been independently verified.

Figure VI-4. Rents, Vacancies, and Formula Retail Conditional Use Application Activity on Geary Boulevard (28th Avenue to Masonic Avenue), 2006-January 2014



The West of Van Ness Submarket stretches west from Van Ness Avenue and north of 16th Street to the shoreline.

Acronyms:

CU: Conditional use application; NNN: Triple net

Sources: CoStar, 2014; City and County of San Francisco, 2014; Strategic Economics, 2014.

Rents and vacancies based on CoStar data that have not been independently verified.

VII. CHANGING THE DEFINITION OF FORMULA RETAIL

This chapter assesses the potential effect of changing the definition of “formula retail” in the San Francisco Planning Code, as proposed in various ordinances under consideration before the Board of Supervisors.

Background and Methodology

As summarized in Chapter II, the Planning Code currently defines formula retail as “a type of retail sales activity or retail sales establishment which, along with eleven or more other retail sales establishments [i.e., 12 total, including the proposed establishment] located in the United States, maintains two or more of the following features: a standardized array of merchandise, a standardized façade, a standardized décor and color scheme, a standardized uniform, standardized signage, a trademark or a servicemark.”⁸⁸ Use types subject to this definition generally include restaurants, bars, liquor stores, retail stores and service establishments, banks, and movie theaters. On the other hand, some uses that are often considered retail in other contexts – for example, hair salons, gyms, health care outlets, gas stations, home mortgage centers, tax service centers, and auto dealerships – are not currently subject to the City’s formula retail controls.

The Board of Supervisors is considering a number of ordinances that would alter the City’s formula retail controls. Among other proposed changes, the various ordinances could potentially affect the definition of formula retail in three key ways:

1. Change the definition of a formula retail use to include businesses that have 11 or more other retail establishments located *anywhere in the world*; currently, formula retail is defined based on the number of establishments located in the U.S. only.
2. Expand the definition of formula retail to include establishments “where fifty percent (50%) or more of the stock, shares, or any similar ownership interest . . . 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 other retail sales establishments permitted or located in the world.”
3. Apply the definition to new land uses; these are listed Figure VII-1 and defined in Appendix C.

Ordinances proposed by Supervisors Mark Farrell and London Breed would make the first two changes listed above (including businesses with 11 or more locations anywhere in the world or where 50 percent or more of the company is owned by a formula retail use) to the definition of formula retail in selected neighborhood commercial districts only. An ordinance proposed by Supervisor Eric Mar would make all three changes to the citywide definition of formula retail.

In order to evaluate the potential impact of these changes, Strategic Economics assessed how many *existing* business establishments in San Francisco would be considered “formula retail” under these proposals. Note that establishments that are already entitled in San Francisco would not be subject to changes in the formula retail controls unless such a business opened a new location within the city. However, San Francisco’s existing businesses are the best available proxy for understanding the types of businesses that are likely to consider locating in San Francisco in the future. Moreover, existing businesses may be affected by the controls if they propose to open a new location in the city. The analysis was performed using information on headquarters location, business status (whether a business is a subsidiary, branch, franchise, or headquarters), number of global corporate family members (chains and

⁸⁸ San Francisco Planning Code, Section 303(i)(1).

subsidiaries), and type of industry included for each establishment in the 2012 Dun & Bradstreet (D&B) dataset.

Findings

Expanding the definition of formula retail to apply to businesses with eleven or more outlets worldwide would likely affect a limited number of businesses. Ten percent of businesses with 12 or more corporate family members are part of a corporation that is headquartered outside of the U.S. However, the vast majority of these have long-established presences in the U.S. and already qualify as formula retail under the current Planning Code.⁸⁹ This includes many of the rapidly expanding, international brands that already have a presence in San Francisco or have recently proposed a new location, such as Pollo Campero (Central American-based fast food restaurant), Aesop (Australian-based perfume and body products store), Loving Hut (international vegan restaurant), Daiso (Japanese home products), and Uniqlo (Japanese clothing store).⁹⁰ Many (though not all) of these international chains have chosen to open their San Francisco locations in neighborhoods with a strong ethnic identity, such as Japantown, Chinatown, or the Mission.

The proposed change would affect a limited number of international companies that have fewer than 12 establishments in the U.S., but more in other countries. Books Kinokuniya (Japanese bookstore with dozens of locations in Japan and other countries, including eight establishments in the U.S. and one in San Francisco's Japantown) and Muji (Japanese retailer that sells a variety of household goods, with eight locations in the U.S., including one in San Francisco) are examples of brands that could be affected by the change if they proposed a new location in districts where formula retail is regulated.

Similarly, expanding the definition to include establishments that are majority-owned by formula retail businesses is also likely to affect a small number of potential new businesses. This proposed policy change is designed to address several recent cases of new or proposed establishments that did not have to go through the formula retail CU process even though they were owned by formula retailers, such as Jack Spade in the Mission (owned by Liz Claiborne) and Athleta and Evolution Juice in Upper Fillmore (owned by The Gap and Starbucks, respectively). Based on the businesses that are already located in San Francisco, however, this proposed change is unlikely to have a wide-ranging effect. Subsidiaries – defined as a corporation that is more than 50 percent owned by another corporation and has a different legal business name from its parent company – account for only 3 percent of retail businesses in San Francisco that have 12 or more corporate family members. Most of these would already qualify as formula retail under the existing Planning Code, because they have 12 or more locations of the same trade name in the U.S.⁹¹

Expanding the application of formula retail controls to other types of land uses would affect a more significant number of potential applicants. Figure VII-1 shows the estimated number of establishments that fall into the land use categories that Supervisor Mar's proposed legislation would add to the list of

⁸⁹ For example, highly recognizable brands like T-Mobile (based in Germany), 7-Eleven (headquartered in Japan), The Body Shop (headquartered in England), and Sephora (based in France) account for many of the 130 businesses headquartered outside of the United States. Note that because the majority of businesses headquartered overseas have at least 12 outlets in the U.S., these businesses were generally considered to be "formula retail" for the purposes of the study and are included in the statistics provided in Chapters III and IV.

⁹⁰ Uniqlo has 17 locations in California, New Jersey, New York, and Connecticut; however, when the brand opened its first San Francisco location in 2012 it had just four other locations in New York and New Jersey. Carolyn Said, "Uniqlo Opens S.F. Store," *SFGate*, October 4, 2012, <http://www.sfgate.com/business/article/Uniqlo-opens-S-F-store-3919489.php#src=fb>.

⁹¹ Note that because the majority of subsidiaries have at least 12 outlets in the U.S., these businesses were generally considered to be "formula retail" for the purposes of the study and are included in the statistics provided in Chapters III and IV.

uses potentially subject to formula retail regulations. Appendix C provides definitions for the land uses, as excerpted from the Planning Code. Many of the land uses included in the legislation cover types of businesses that people often think of as retail but that are not currently covered by the definition of formula retail, such as salons, gyms, and other personal service establishments; automobile sales, rentals, service, and repair; and gas stations. In addition, wholesale companies, administrative offices, business or professional service companies, medical clinics, and hotels would also be affected.

Based on the industry (North American Industry Classification System [NAICS]) codes recorded in the D&B dataset, an estimated 21,330 existing businesses in San Francisco most likely fall into one of these land use categories. Of these 860 (4 percent) could potentially be considered formula retail based on the number of corporate family members recorded in the D&B database (Figure VII-1).

Figure VII-1. Land Uses Included in Supervisor Eric Mar's Proposed Legislation: Potential Number of Formula Retail Establishments

Land Use	Potential Formula Retail Establishments (a)	Estimated Total Establishments	Potential Formula Retail Establishments as a % of Total
Automobile Sale or Rental	50	210	24%
Automotive Gas Station	40	120	31%
Automotive Service Station and Repair	20	580	4%
Hotel, Tourist	90	550	16%
Service, Administrative	140	4,590	3%
Service, Business or Professional	150	2,960	5%
Service, Fringe Financial	30	210	16%
Service, Medical	80	4,960	2%
Service, Personal & Massage Establishment	50	2,160	2%
Trade Shops	30	690	4%
Wholesale Sales	160	3,470	4%
Other (b)	30	830	4%
Total	860	21,330	4%

(a) Includes franchises and businesses with 12 or more total global corporate family members (branches or subsidiaries).

(b) Includes ambulance service, animal hospital, automobile parking, automotive wash, other entertainment, mortuary, and storage land uses.

Certain land uses (light manufacturing, limited service financial, adult entertainment, neighborhood agriculture, large-scale agriculture) were excluded from the analysis because no corresponding North American Industry Classification System (NAICS) codes were identified; remaining land uses (tobacco paraphernalia establishments, gift store tourist oriented, jewelry store) were excluded because they are already covered under existing formula retail legislation.

Columns may not add due to rounding.

Sources: Dun & Bradstreet, 2012; Strategic Economics, 2014. Based on Dun & Bradstreet business data that have not been independently verified; all numbers are approximate.

Conclusions

Changing the definition of formula retail to include subsidiaries of formula retailers or international chains with fewer than 11 other establishments in the U.S. is unlikely to have a wide-reaching effect, although some potential applicants would be affected. On the other hand, expanding the application of formula retail controls to other types of land uses could affect a significant number of businesses considering new locations in San Francisco.

VIII. NEIGHBORHOOD CASE STUDIES

This chapter provides case studies of the role that formula retail plays in San Francisco's neighborhood commercial districts, focusing on three such districts: the Upper Fillmore Neighborhood Commercial District (NCD), the Ocean Avenue Neighborhood Commercial Transit District (NCT), and Geary Boulevard between 14th Avenue and 28th Avenue.⁹² As envisioned in the San Francisco Planning Code, NCDs are primarily intended to provide retail goods and services for the immediately surrounding neighborhoods. One of the main purposes of the City's formula retail controls is to protect the distinct character of San Francisco's NCDs, as well as the diversity of businesses and merchandise available in the NCDs.

In order to explore how formula retail establishments and the formula retail controls fit into this vision, the case studies discuss the different functions that formula retail establishments can play in serving local residents and workers versus shoppers from elsewhere in the city or region. The case studies also examine how new and existing formula retail establishments and the City's formula retail controls contribute to or detract from the overall aesthetics and economic vitality of the districts, and how the formula retail conditional use (CU) process has proceeded in different neighborhoods. As discussed in Chapter II, the CU process is intended to allow the Planning Commission to determine whether each formula retail applicant is necessary, desirable, and consistent with the general character of the neighborhood, a decision that is informed by public comment.⁹³

The case studies were selected to represent a diverse spectrum of San Francisco's neighborhood commercial districts, including a wide range of geographic locations, physical contexts, retail functions, and neighborhood demographics. Upper Fillmore, located in the Northern Neighborhoods subarea (as defined in Chapter III), is a rapidly changing district that in recent years has seen a significant shift in the types of retailers occupying local storefronts. The district's pedestrian-scaled streets, well-maintained Victorian buildings, and location in one of San Francisco's highest income neighborhoods has attracted a growing number of new high-end formula clothing stores and other chain retail establishments.

In contrast, Ocean Avenue and Geary Boulevard were among the 25 neighborhoods selected for the Invest in Neighborhoods Initiative, a program of the Mayor's Office of Economic and Workforce Development (OEWD) that focuses City resources on neighborhoods demonstrating economic need and potential for growth. Ocean Avenue is a walkable, compact shopping district in the Southern Neighborhoods subarea, with many commercial buildings dating from the 1920s, 1930s, and 1940s.⁹⁴ The district has a range of formula and independent retailers that serve the daily needs of residents and students from nearby City College of San Francisco, and has experienced significant new public and private investment beginning with a Better Neighborhoods planning and rezoning effort that started in the early 2000s. The Geary Boulevard case study area, located in the Outer Richmond, is a diverse commercial district known for Chinese, Korean, Irish, and Russian retailers and restaurants. The district both serves daily shoppers from the surrounding, moderate income neighborhoods and attracts shoppers from around the region,⁹⁵ reflecting the high daily traffic that Geary Boulevard carries as one of San

⁹² The Geary Boulevard case study area is zoned NC-3 (moderate scale commercial), but is not a named NCD.

⁹³ Strategic Economics and City staff intentionally selected three NCDs where formula retail is subject to conditional use authorization and not prohibited, since there are no current proposals to expand the districts where formula retail is prohibited.

⁹⁴ City and County of San Francisco, *Balboa Park Station: An Area Plan of the General Plan of the City and County of San Francisco*, 2009, <http://www.sf-planning.org/Modules/ShowDocument.aspx?documentid=1983>.

⁹⁵ San Francisco Office of Economic and Workforce Development Invest in Neighborhoods Program, "Geary Boulevard Neighborhood Profile, February 2013, <http://oewd.org/IIN.aspx>.

Francisco's major arterial corridors. The district has not been the subject of a major rezoning effort, but is undergoing a planning process to bring bus rapid transit (BRT) to the area by 2019.

Case Study Methodology

The case studies are based on a range of quantitative and qualitative research methods. To the extent possible for each case study, Strategic Economics conducted the following tasks:

- Site visits.
- Review of existing resources, including (as available for each district) Invest in Neighborhood reports from the Mayor's Office of Economic and Workforce Development, newspaper articles, blogs, and other relevant websites.
- Interviews with two to three stakeholders, including a representative from the local merchants' association, a commercial real estate broker, and/or a representative from a local residents' association.⁹⁶
- Characterization of existing formula and independent retail establishments, based on the 2012 Dun & Bradstreet dataset and (as available for each district) recent storefront inventories conducted by the Invest in Neighborhoods Program, local merchants' associations, and the San Francisco Commercial Brokers' "Formula Retail Mapping Project."
- Assessment of formula retail conditional use (CU) applications over time.
- Examination of demographic data in the surrounding "primary trade area" (defined as Census Tracts located within a half-mile radius of each shopping district⁹⁷), including data on population and household density, household types, household income, and race and ethnicity.
- Analysis of City sales tax data, including data on the number of stores and restaurants reporting sales tax and average sales tax revenues generated per establishment between 2002 and 2013. Note that because of the way the City collects sales tax data, sales tax revenues were only available for businesses with one location in San Francisco (referred to as "single-site" businesses below).⁹⁸ While most of these are likely to be independent retailers, some "single-site" businesses may have 11 or more other locations outside of the city.
- Analysis of CoStar real estate data on rents and vacancies over time (as available for each district).⁹⁹
- Survey of "auto-oriented" parcels, including surface parking lots, parking garages, and gas stations. The surveys were based on parking data collected by SF Park in 2011, as updated and verified using Google Maps and Google Streetview.

The following sections discuss the results of the analysis performed for each case study.

⁹⁶ A list of interviewees is provided in Appendix E.

⁹⁷ A one-mile radius is a common rule of thumb for defining the trade area for most daily needs-serving uses. However, a half-mile radius better captures the primary trade area for San Francisco's neighborhoods given the city's geographic barriers and the density of neighborhood commercial districts in the city.

⁹⁸ Firms with more than one site in San Francisco report all sales tax revenues to one central location; it is not possible to determine how much of the revenues originated from any particular location.

⁹⁹ CoStar maintains the largest and most comprehensive database of commercial real estate information in the country, but the data are subject to significant limitations. CoStar's information is self-reported by real estate brokers, many of whom withhold rental rates in order to protect their competitive position. In addition, many properties are not listed on CoStar.

Retail Dynamics

Upper Fillmore has attracted a significant concentration of retail stores and restaurants, including a large number of high-end apparel and beauty stores. As of early 2014, 68 stores and 27 restaurants and bars were located in Upper Fillmore (Figure VIII-2). Of the 68 stores, more than half sold apparel and jewelry or other accessories. Another 6 stores were in the “other health and personal care” category, which predominantly consists of cosmetics stores (Figure VIII-3). In addition to the use types shown in Figures VIII-2 – which are all regulated under the City’s formula retail controls – the Upper Fillmore district is also home to a number of salons, spas, and other personal service establishments that are not regulated as formula retail.¹⁰⁰ The cluster of fashion boutiques, beauty stores, and restaurants in the district work together to create a regional destination, attracting residents and visitors who come to patronize multiple establishments.

Compared to citywide averages, Upper Fillmore has a high concentration of formula retail establishments. Formula retail accounts for 20 percent of all retail establishments and 15 percent of restaurants and bars in the case study area. In comparison, in the city as a whole, 10 percent of stores and 11 percent of restaurants and bars are formula retail (Figure VIII-2). Formula retail accounts for a particularly high share of apparel and accessories stores and furniture and home furnishings stores compared to citywide averages (Figure VIII-3).

Figure VIII-2. Formula and Independent Retail Establishments by Use Type: Upper Fillmore Neighborhood Commercial District, Early 2014

Use Type	Upper Fillmore NCD				San Francisco (a)
	Formula Retail	Independent Retail	Total	Formula Retail as a % of Total	Formula Retail as a % of Total
Stores	14	54	68	21%	10%
Restaurants & Bars	4	23	27	15%	11%
Retail Services	0	5	5	0%	4%
Banks, Credit Unions, S&L	3	0	3	100%	84%
Movie Theaters	0	1	1	0%	N/A
Total	21	83	104	20%	12%

(a) San Francisco data are from the 2012 Dun & Bradstreet dataset, and have not been independently verified.

Use types shown are subject to formula retail controls.

Acronyms:

S&L: Savings and loans

N/A: Not available

Sources: Dun & Bradstreet, 2012; San Francisco Commercial Real Estate Brokers, “Formula Retail Mapping Project,” 2014; Strategic Economics, 2014. All numbers are approximate.

¹⁰⁰ A detailed storefront inventory (like those provided by the OEWD for Ocean Avenue and Geary Boulevard) was not available for the Upper Fillmore case study area.

Figure VIII-3. Retail Stores by Type: Upper Fillmore Neighborhood Commercial District, Early 2014

Store Type	Upper Fillmore NCD				San Francisco (a)
	Formula Retail	Independent Retail	Total	Formula Retail as a % of Total	Formula Retail as a % of Total
Apparel & Accessories	10	28	38	26%	15%
Other Retail Stores (b)	1	10	11	9%	4%
Other Health & Personal Care (c)	1	5	6	17%	20%
Furniture & Home Furnishings	1	3	4	25%	7%
Sporting Goods, Hobby, Book, Music	0	4	4	0%	3%
Supermarkets & Other Grocery	0	3	3	0%	7%
Convenience, Liquor, & Other Food	1	1	2	50%	10%
Total	14	54	68	21%	10%

(a) San Francisco data are from the 2012 Dun & Bradstreet dataset, and have not been independently verified.

(b) Includes florists, gift stores, stationery stores, art galleries and framing stores, used merchandise stores, and other miscellaneous retailers.

(c) Includes cosmetics and beauty stores, eyeglass stores, and health supplement stores.

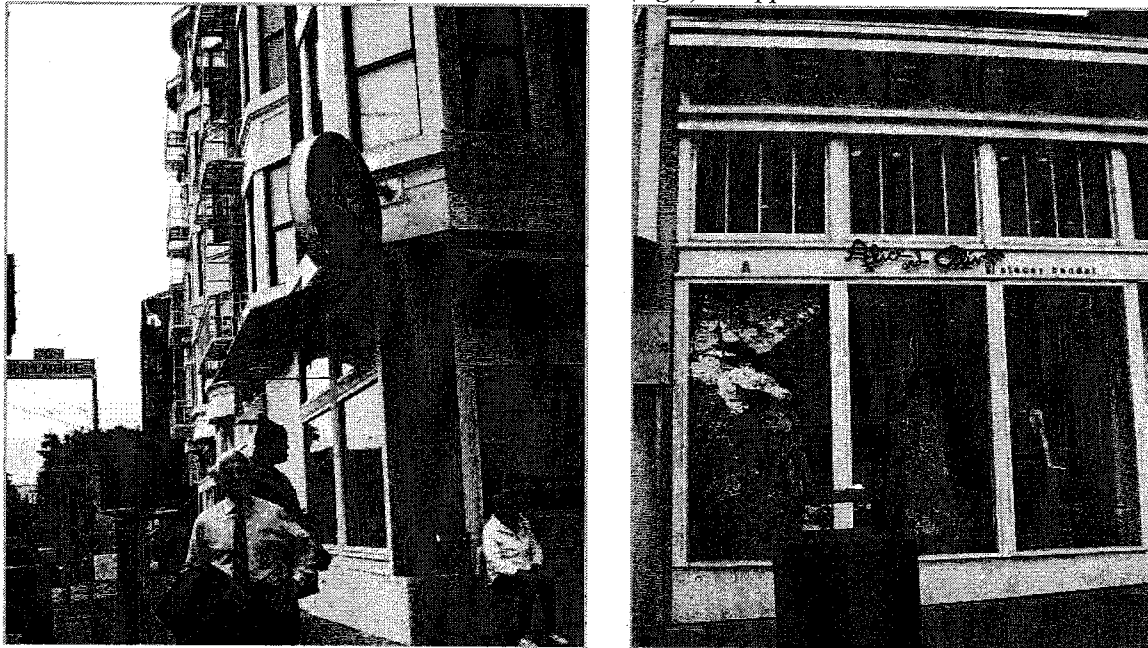
Sources: Dun & Bradstreet, 2012; San Francisco Commercial Real Estate Brokers, "Formula Retail Mapping Project," 2014; Strategic Economics, 2014. All numbers are approximate

Brokers and local stakeholders report that international companies, formula retail subsidiaries, and other fast-growing brands are “racing” to open locations in Upper Fillmore before they meet the definition of formula retail. According to brokers, some international and fast-growing domestic chains are accelerating plans to open in the popular shopping district before they reach the threshold for formula retail, in order to secure a location without going through the formula retail CU application process. For example, rapidly expanding clothing boutiques like Alice + Olivia, Roberta Freymann, Steven Alan, and James Perse reportedly opened locations in Upper Fillmore shortly before reaching the 11-store threshold. Several international chains with significant presences in other countries that recently opened in the district – such as The Kooples, Cotelac, and Sandro (three French clothing lines) – did not require formula retail CU authorizations because they had fewer than 11 other locations in the United States. Other recently opened businesses, such as Evolution Juice and Athleta, are owned by large formula retail uses (Starbucks and The Gap, respectively) but did not require formula retail CU authorizations because the Planning Code currently defines formula retail based on trademark and branding, rather than ownership.¹⁰¹

Supervisor Farrell’s legislation would address concerns about the international chain retailers and subsidiaries by expanding the definition of formula retail in the Upper Fillmore NCD to include retail with 11 or more other establishments anywhere in the world, and establishments where 50 percent or more of stock or shares are owned by a formula retail use.

¹⁰¹ “Getting to 11,” *The New Fillmore*, June 1, 2012, <http://newfillmore.com/2012/06/01/getting-to-11/>.

Figure VIII-4. Evolution Juice (left) and Alice + Olivia (right) in Upper Fillmore



Source: Strategic Economics, 2014.

Local residents and merchants have noticed a decline in the number of businesses in the district that serve residents' daily needs. The case study area does include several independent grocery stores, including a Mollie Stone's Market, the Mayflower Market, and Gino's Grocery Company. The district also has an independent movie theater, one of the few left in the city. Several pharmacies, including a Walgreens and the pharmacy at the California Pacific Medical Center, are located immediately outside the boundaries of the Upper Fillmore Neighborhood Commercial District. However, stakeholders have voiced concerns about the loss in recent years of a hardware store, laundromat, dry cleaners, and other stores serving daily needs.

The decline in daily needs-serving retailers and service providers reflects the fact that these businesses tend to have lower profit margins than stores that sell comparison goods. In general, daily needs-serving businesses typically have lower profit margins than businesses that sell comparison goods. As a result, brokers and other stakeholders report some daily needs-serving businesses have been unable to afford increased rents, or decided to take "key money" – i.e., a payment for the right to assume an existing tenant's lease – from a comparison goods retailer and close shop. (As discussed below, both formula and independent retailers have reportedly paid key money on Upper Fillmore.) Meanwhile, at least one business owner who owned his building decided he could make more money by renting his space to another retailer than by continuing to operate his own store. In other cases, long-time business owners may simply have retired.

Some community members have raised concerns that formula retailers are less engaged with the community than independent retailers; however, no enforcement actions have been filed with the Planning Department. Concerns about formula retailers' lack of community participation have been

raised on local blogs,¹⁰² and in public comments for at least one formula retail CU application in Upper Fillmore.¹⁰³

Formula Retail Conditional Use Activity

Despite the controversies over formula retail in Upper Fillmore, all five formula retail conditional use applications filed in the case study area have been approved by the Planning Commission and none of these approvals have been appealed to the Board of Supervisors. Figure VIII-5 shows the formula retail CU applications that have been filed in Upper Fillmore since CU authorization was first required in 2007. Four of the five applications were for clothing stores; the fifth (Kiehl's) is a cosmetics and skin care store.¹⁰⁴

Figure VIII-5. Formula Retail Conditional Use Applications in Upper Fillmore Neighborhood Commercial District, 2007 - January 2014

Business Name	Address	File Date	Action Date	Action Taken
Polo Ralph Lauren	2040 Fillmore St	2007	2008	Approved with conditions
Black Fleece	2223 Fillmore St	2009	2009	Approved with conditions
Bo Concept (a)	1928 Fillmore St	2010	2010	Approved with conditions
Kiehl's	1971 Fillmore St	2010	2011	Approved with conditions
Rag & Bone	2060 Fillmore St	2013	2014	Approved with conditions

(a) Bo Concept has since closed.

Sources: City and County of San Francisco, 2014; Strategic Economics, 2014.

However, there was one appeal over whether a proposed tenant should be subject to the City's formula retail controls. The Planning Department initially determined that German-based clothing brand Oska was not a formula retail use. After a local boutique owner appealed, the Board of Appeals subsequently ruled that Oska did qualify as a formula retailer, because the company had 11 other establishments in the U.S. including two signed leases.¹⁰⁵ Oska subsequently decided not to formula retail CU application in this location.

Demographics, Sales, and Market Trends

The high population density and high household incomes in the Upper Fillmore trade area are a key factor in the district's appeal to high-end retailers, including high-end formula and other chain retailers. Figures VIII-6 through VIII-9 provide an overview of the selected demographics for the Census Tracts in the half-mile radius around the Upper Fillmore NCD. According to retail brokers, the high disposable incomes of many residents – as evidenced by the trade area's high population density (Figure VIII-6), high average incomes (Figure VIII-6), and high share of single-person households (Figure VIII-7) – are a primary reason that high-end retailers are attracted to Upper Fillmore.

¹⁰² Barbara Kate Repa, "Polo's Promises Go Unfulfilled," *The New Fillmore*, April 2, 2010, <http://newfillmore.com/2010/04/02/polos-promises-go-unfulfilled/>.

¹⁰³ San Francisco Planning Department, Planning Commission Final Motion No. 17578, April 10, 2008.

¹⁰⁴ Sterling Bank and Chase Bank received conditional use authorizations in 2006 and 2011, respectively, for establishing new financial services institutions. However, the two banks did not require formula retail CUs because they were entitled before financial services were added to the definition of formula retail in the Planning Code in 2012.

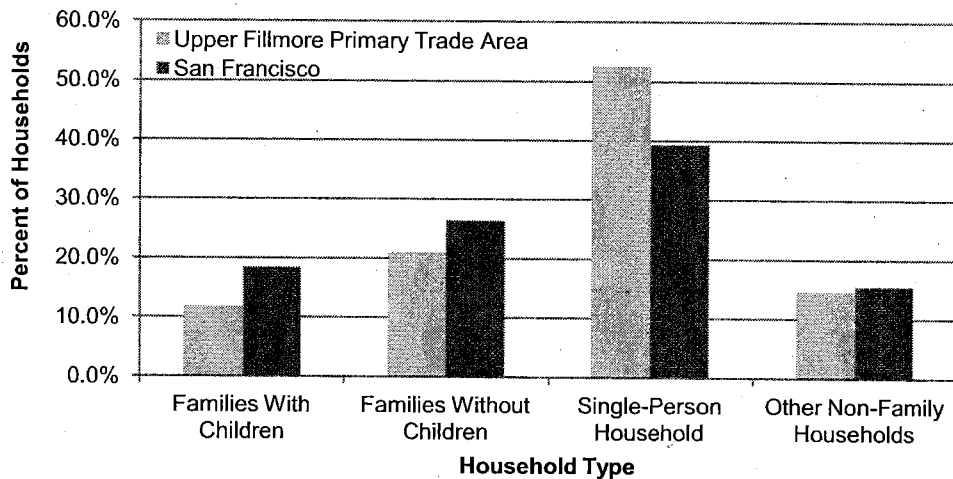
¹⁰⁵ Barbara Kate Repa, "Oska Stirs Chain Store Fight on Fillmore," *The New Fillmore*, March 3, 2013, <http://newfillmore.com/2013/03/03/oska-stirs-chain-store-fight-on-fillmore/>; "City Tightens Chain Store Limits," *The New Fillmore*, May 31, 2013, <http://newfillmore.com/2013/05/31/city-tightens-chain-store-limits/>.

Figure VIII-6. Population, Households, and Average Household Income: Upper Fillmore Primary Trade Area and San Francisco, 2012

	Upper Fillmore Primary Trade Area	San Francisco
Population	35,331	807,755
Number of Households	19,552	340,839
Average Household Size	1.8	2.4
Population Density (People per Acre)	44.6	31.4
Households per Acre	24.7	13.2
Average Household Income	\$136,050	\$107,520

Sources: U.S. Census Bureau American Community Survey, 2008-2012; Strategic Economics, 2014.

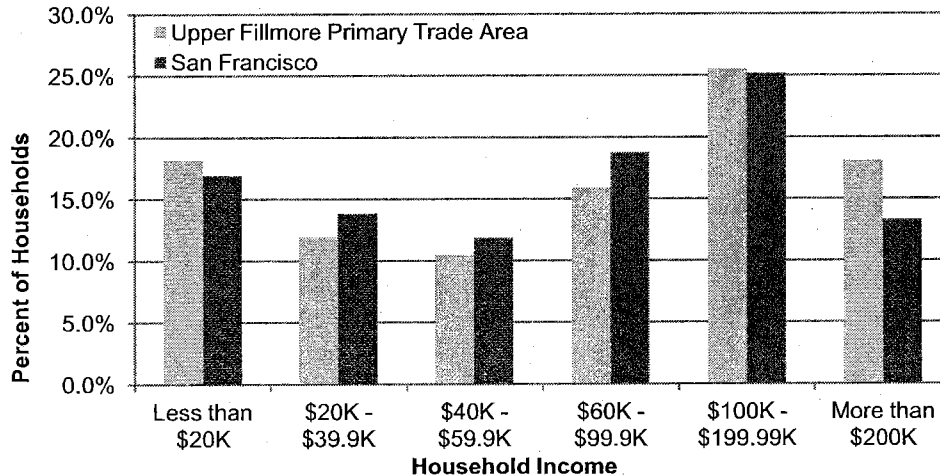
Figure VIII-7. Households by Type: Upper Fillmore Primary Trade Area and San Francisco, 2012



Sources: U.S. Census Bureau American Community Survey, 2008-2012; Strategic Economics, 2014.

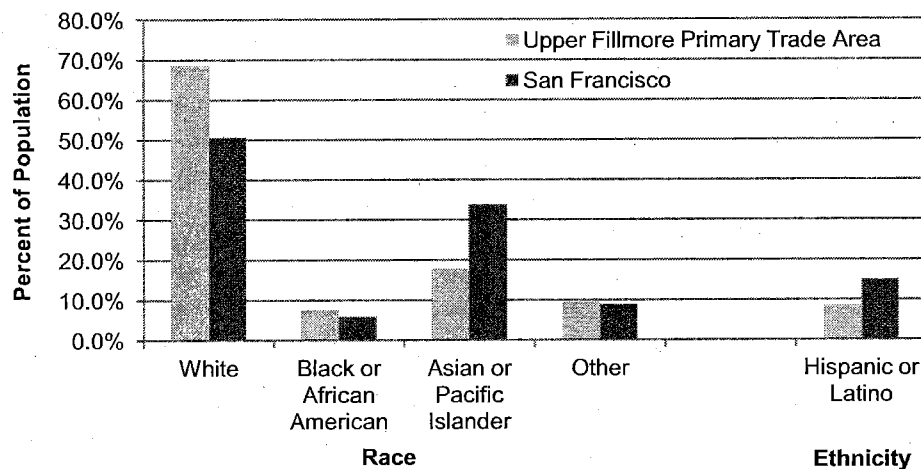
However, many neighborhood residents are unlikely to be able to afford the high-end products available for sale in the commercial district. Despite the trade area's high average incomes, the neighborhood has a higher percentage of households earning less than \$20,000 a year compared to the citywide average, reflecting the presence of several low-income housing developments in the area (Figure VIII-8). Indeed, residents observe that some of the single-person households in the area are seniors living on fixed incomes and in subsidized or rent-controlled housing. A very high percentage of the population is white – nearly 70 percent in the trade area, compared to 50 percent of the city's entire population. However, African-Americans make up a slightly higher share of the population than in San Francisco overall, a legacy of the area's history as a center of African-American culture (Figure VIII-9).

Figure VIII-8. Households by Income Level: Upper Fillmore Primary Trade Area and San Francisco, 2012



Sources: U.S. Census Bureau American Community Survey, 2008-2012; Strategic Economics, 2014.

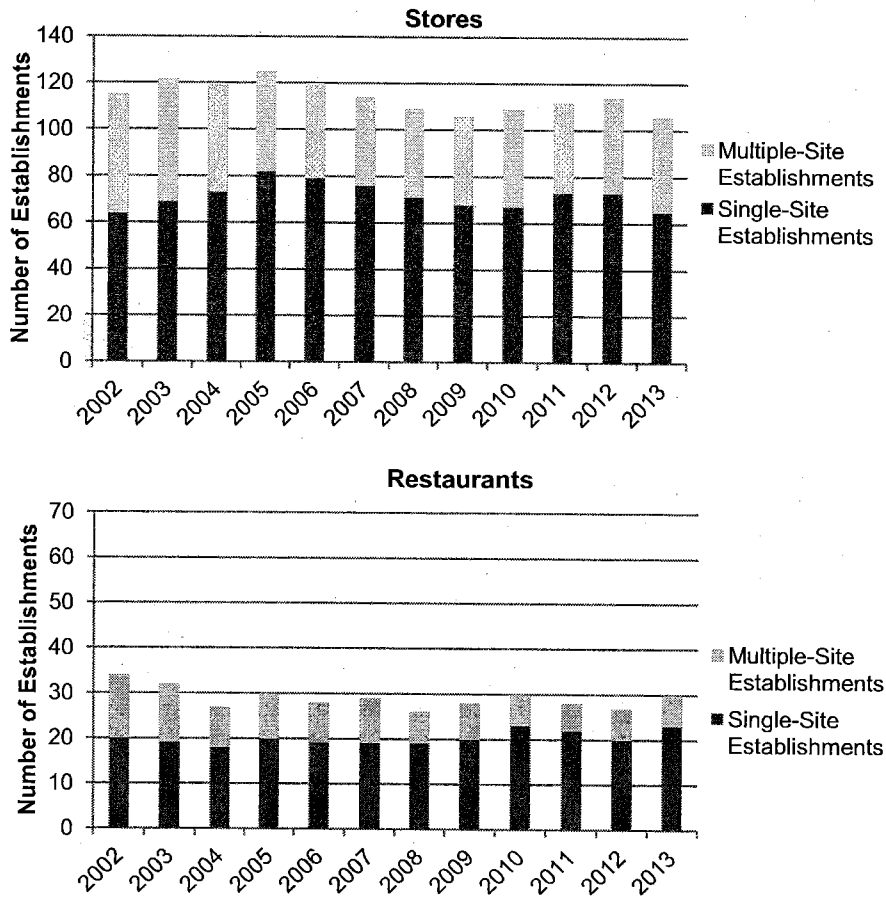
Figure VIII-9. Population by Race and Ethnicity: Upper Fillmore Primary Trade Area and San Francisco, 2012



Sources: U.S. Census Bureau American Community Survey, 2008-2012; Strategic Economics, 2014.

Despite the reported increase in formula retail establishments and other chains on Upper Fillmore, the number of single-site establishments in the case study areas was approximately the same in 2013 as in 2002. Figure VIII-10 shows the number of restaurants and retail stores in the Upper Fillmore that reported just one location in San Francisco (“single-site” establishments) or more than one location in San Francisco (“multiple-site” establishments). Note that in Upper Fillmore in particular, some single-site businesses are national or international brands with just one location in the city. As Figure VIII-10 shows, the number of stores has fluctuated over time, generally tracking regional economic conditions. There were approximately the same number of single-site stores (63) and restaurants (23) in Upper Fillmore in 2013 as in 2002.

Figure VIII-10. Single- and Multiple-Site Stores and Restaurants Reporting Sales Tax in the Upper Fillmore Neighborhood Commercial District, 2002-2013

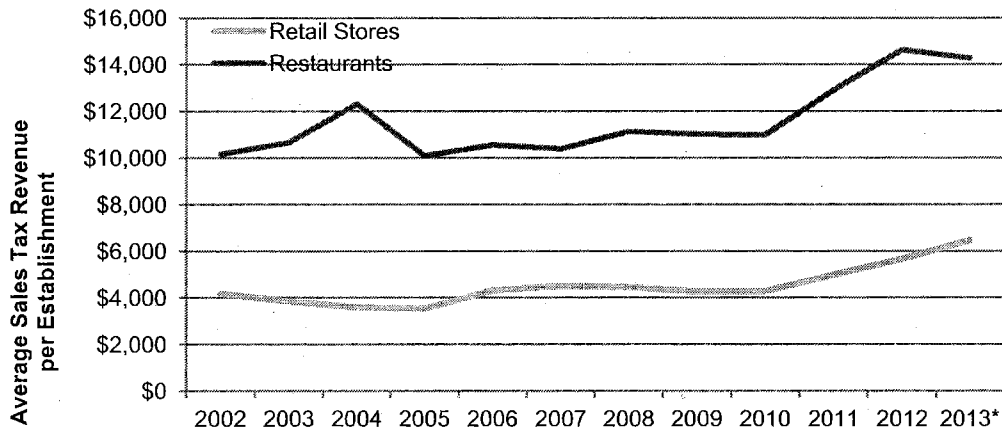


"Single-Site" establishments had one location in San Francisco; "multiple-site" establishments had more than one location in the city.

Sources: San Francisco Office of Economic Analysis, 2014; Strategic Economics, 2014.

Single-site establishments are performing very strongly. Figure VIII-11 shows the average sales tax revenue generated by single-site restaurants and stores. As discussed below, single-site restaurants and bars in the Upper Fillmore generate significantly more revenue on average than restaurants and bars in the Ocean Avenue and Geary Boulevard case study areas. Sales have increased rapidly since the economy began to recover in 2010, although restaurant sales dipped slightly between 2012 and 2013.

Figure VIII-11. Average Sales Tax Revenue Per Single-Site Establishment: Upper Fillmore Neighborhood Commercial District, 2002-2013 (Adjusted to 2013 Dollars)



"Single-Site" establishments are firms that reported one location in San Francisco.

*Includes estimate of fourth-quarter sales tax revenues for 2013, based on average revenues in first three quarters of the year.

Sources: San Francisco Office of Economic Analysis, 2014; Strategic Economics, 2014.

Reflecting the high sales volume in the district, brokers report that rents are increasing rapidly and there are few if any long-term vacancies in the district. Rents in Upper Fillmore have reportedly reached \$140 per square foot in some recent transactions, significantly above retail rents in other neighborhood commercial districts.¹⁰⁶ According to brokers and recent articles and reports, new tenants in Upper Fillmore often secure their leases before storefronts become vacant.¹⁰⁷ For example, two storefronts that were vacant as of early 2014 at 2060-66 California Street (a former Royal Ground Coffee Shop and a laundromat, shown in Figure VIII-12) were already leased to Rag & Bone, a formula retail clothing boutique.

¹⁰⁶ Renee Frojo, "Fillmore Street Hits New Fashion Heights," *San Francisco Business Times*, May 4, 2012, <http://www.bizjournals.com/sanfrancisco/print-edition/2012/05/04/fillmore-street-hits-new-fashion-heights.html>.

Reliable CoStar data on rents were not available for this case study area.

¹⁰⁷ Ibid.; San Francisco Commercial Real Estate Brokers, *Formula Retail Mapping Project*, 2014.

Figure VIII-12. The Former Royal Ground Coffee Shop at Fillmore and California Streets, Site of a Future Rag & Bone Clothing Boutique (a Formula Retail Use Approved by the Commission in February 2014)



Source: Strategic Economics, 2014.

High rents and the need to pay “key money” to secure space make it challenging for new daily needs-serving businesses to locate in the district. Some recent transactions have reportedly involved the exchange of “key money,” where a business that wants to locate on the street pays an existing tenant for the right to assume the tenant’s lease. Both formula and independent retailers have reportedly paid key money, but this type of payment – combined with the area’s high rents – poses a significant barrier for start-ups and other small businesses with limited financial resources, including daily needs-serving businesses that typically have lower profit margins than high-end clothing stores and other comparison good retailers.

Neighborhood Character

Upper Fillmore’s pedestrian-scaled streets, well-maintained Victorian buildings, and the size and quality of the retail spaces create an attractive shopping environment. Brokers report that the visual appeal of the Victorian buildings is one of the key factors that attract both formula and independent retailers to Upper Fillmore.

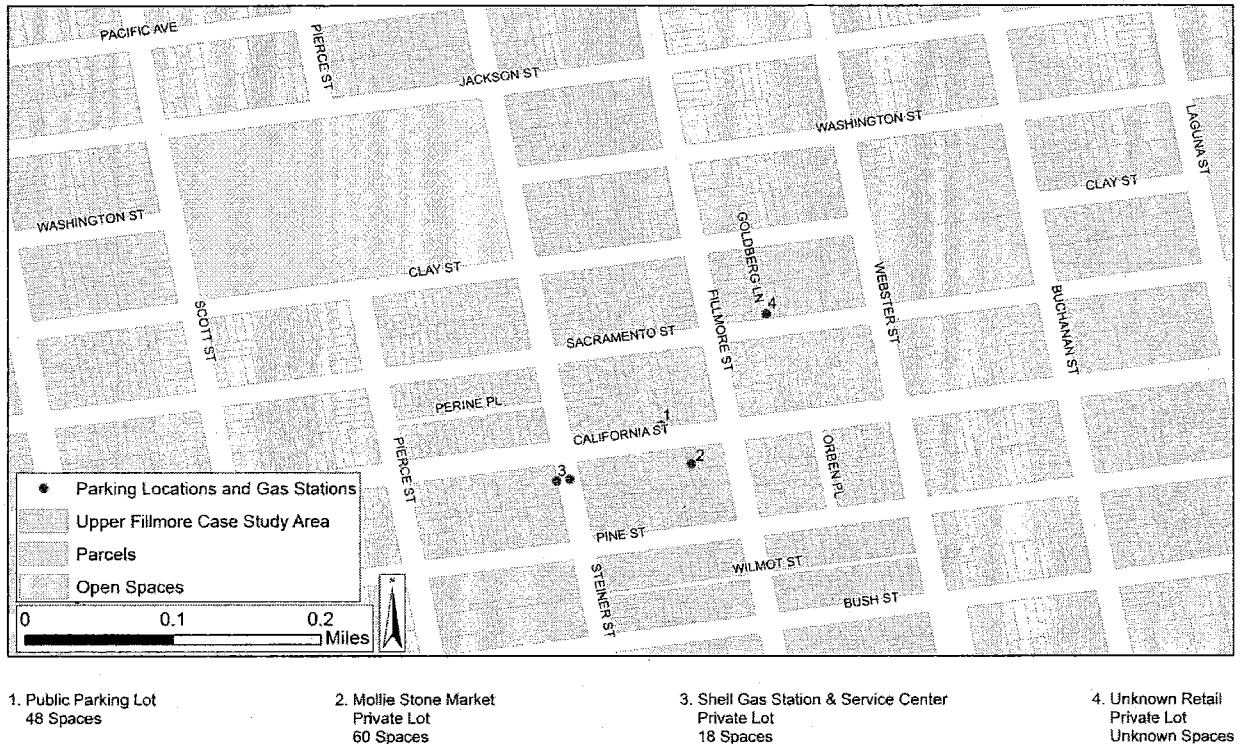
Formula retail establishments in Upper Fillmore generally locate in medium-sized storefronts. On average, formula retailers occupy slightly more space than independent retailers in Upper Fillmore – about 5,900 square feet per establishment, compared to an average of 2,900 per independent retailer.¹⁰⁸

While the stores may be larger, formula retail establishments in Upper Fillmore still tend to locate in Victorian buildings with limited parking. Figure VIII-13 shows where public and private parking lots, as well as gas stations, are located in the Upper Fillmore NCD, as well as which establishments they serve. None of the formula retailers in the district are located on parcels with large surface parking lots.

¹⁰⁸ Based on data from the 2012 Dun & Bradstreet database that have not been independently verified.

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Figure VIII-13. Auto-Oriented Uses (Parking Locations and Gas Stations): Upper Fillmore Neighborhood Commercial District

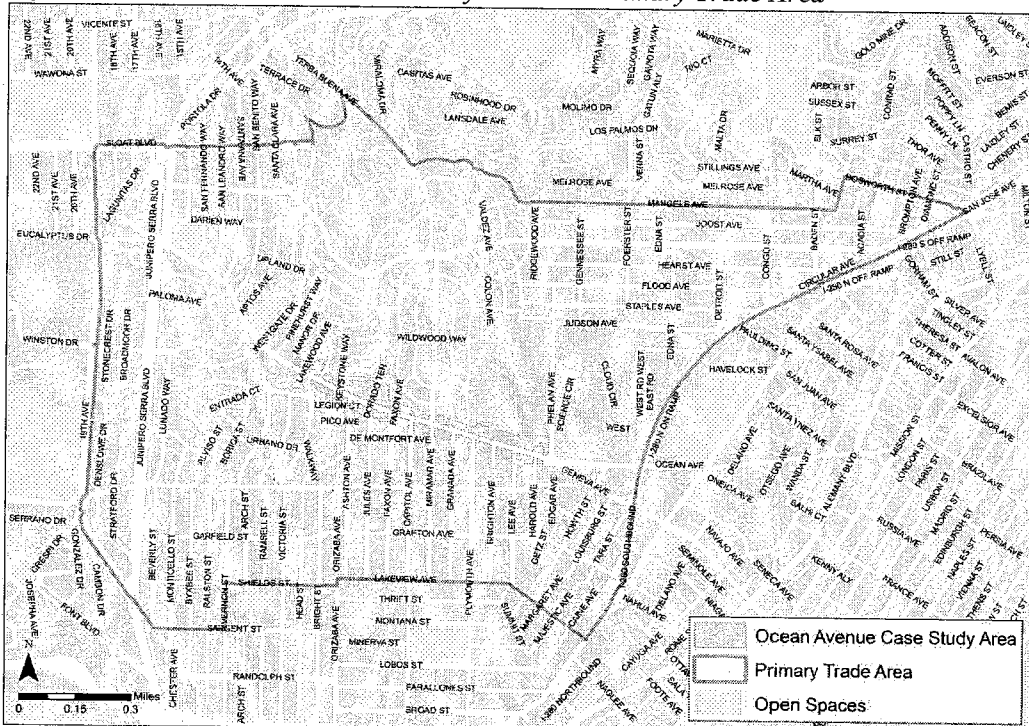


Formula retail establishments are noted in bold.
Sources: SF Park, 2011; Strategic Economics, 2014.

Ocean Avenue Neighborhood Commercial Transit District

The Ocean Avenue NCT (shown in Figure VIII-14) is a compact, walkable commercial district located in the southwestern part of the city, directly west of City College of San Francisco. The district is located within a 10- to 20-minute walk of Balboa Park BART Station and directly off of I-280, and is served by three Muni Metro lines and several bus lines. Beginning with the Balboa Park Station Better Neighborhoods planning process in the early 2000s, the district has undergone significant revitalization. Recent public and private investments include a new Avalon Bay apartment project with a Whole Foods on the ground floor, a new public library, and a redesigned bus terminal. The Mayor's Office of Economic and Workforce Development recently selected Ocean Avenue for the Invest in Neighborhoods program, focusing City resources on the district. Meanwhile, the Ocean Avenue Association became a community benefit district (CBD)¹⁰⁹ in 2010, allowing the organization to generate assessment revenues that – together with grant funds from the City and other organizations – have paid for new trees and landscaping, street and sidewalk cleaning, public safety, marketing, technical assistance for small businesses, and other programs.¹¹⁰

Figure VIII-14. Ocean Avenue Case Study Area and Primary Trade Area



The "Primary Trade Area" is defined as those Census Tracts located within a half-mile radius of each shopping district. Sources: City and County of San Francisco, 2013; Strategic Economics, 2014.

¹⁰⁹ Community benefit districts are a type of assessment district, in which property or business owners elect to pay an assessment in order to fund activities such as street and sidewalk cleaning, public safety, and marketing programs. CBD programming is typically administered by a local merchants' association.

¹¹⁰ Marisa Lagos, "Ocean Avenue Making Waves in Ingleside," *San Francisco Chronicle*, October 1, 2013, <http://www.sfgate.com/bayarea/article/Ocean-Avenue-making-waves-in-Ingleside-4857792.php#src=fb>; John King, "Students, Residents Come Together on S.F.'s City College Hill," *San Francisco Chronicle*, December 18, 2013, <http://www.sfgate.com/bayarea/place/article/Students-residents-come-together-on-S-F-s-City-5073095.php#src=fb>; J.K. Dineen, "Building beyond the Boom," *San Francisco Business Times*, June 28, 2013, <http://www.bizjournals.com/sanfrancisco/print-edition/2013/06/28/building-beyond-the-boom.html>; John King, "Exciting, Enticing: Housing That Fits in," *San Francisco Chronicle*, February 17, 2013, <http://www.sfgate.com/bayarea/place/article/Exciting-enticing-housing-that-fits-in-4284949.php#src=fb>.

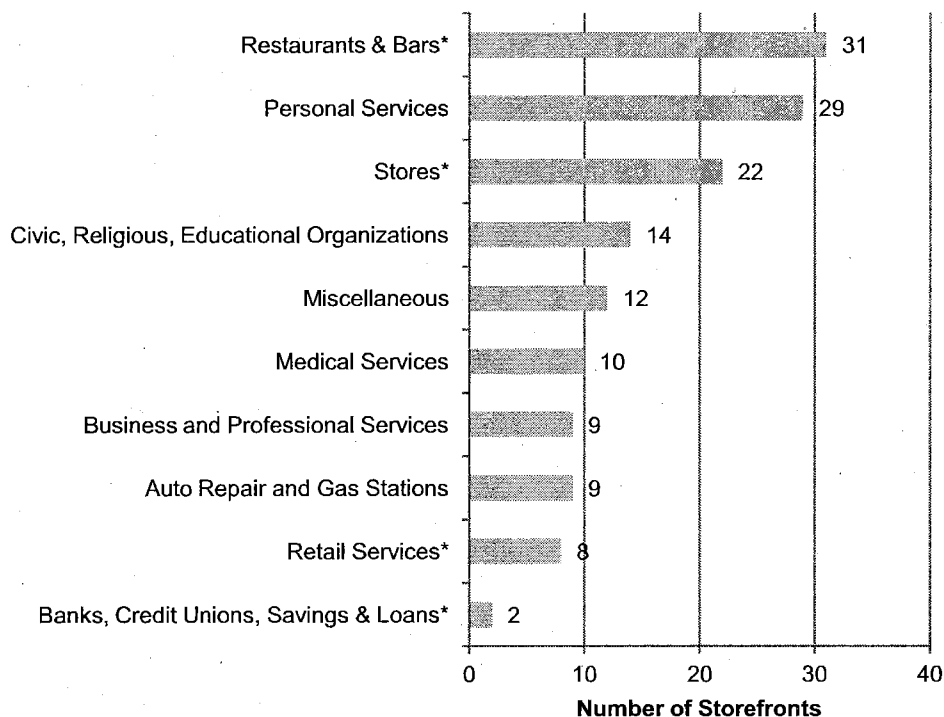
Formula retail establishments in the Ocean Avenue NCT provide goods and services that serve the daily needs of local residents, workers, and students, and have contributed to the ongoing revitalization of the district. However, the corporate structure of formula retail establishments has also posed a barrier to involving formula retailers in efforts to organize and improve the area.

The following sections discuss the retail dynamics in the case study area, the formula retail conditional use applications that have been submitted, local demographic, sales, and market trends, and the relationship between formula retail and the district's urban form.

Retail Dynamics

In contrast to Upper Fillmore, many storefronts on Ocean Avenue are tenanted with personal services, civic organizations, medical services, and other uses that are not subject to formula retail controls. Figure VIII-15 shows the number of storefronts on Ocean Avenue by type. Uses that are subject to the formula retail controls are indicated with an asterisk. Of the approximately 146 occupied storefronts in the case study area, 83 storefronts (or 56 percent) are occupied by uses that are not subject to the controls. Most of these businesses are independent, but some are chains or franchises. Examples of chains or franchises in the case study area that are not considered formula retail under the Planning Code definition include 24 Hour Fitness, Union 76, Valero, Rai Care Centers of Northern California (a dialysis center), and the Avalon Bay Communities leasing center.

Figure VIII-15. Occupied Storefronts by Type: Ocean Avenue Neighborhood Commercial Transit District, Early 2014



*Use type subject to formula retail controls.

Sources: Dun & Bradstreet, 2012; OEWD Invest in Neighborhoods, 2013; Strategic Economics, 2014. All numbers are approximate.

Formula retail accounts for 16 percent of the retail establishments in the district. Figure VIII-16 provides additional detail on those use types that are subject to formula retail controls, including the

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number of formula retail establishments by category. In total, there are 10 known formula retail establishments on Ocean Avenue: 5 stores, 4 restaurants, and 1 bank. Compared to the citywide average, formula retailers make up a particularly high share of retail stores on Ocean Avenue.

Figure VIII-16. Formula and Independent Retail Establishments by Use Type: Ocean Avenue Neighborhood Commercial Transit District, Early 2014

Use Type	Ocean Avenue NCT				San Francisco (a)
	Formula Retail	Independent Retail	Total	Formula Retail as a % of Total	Formula Retail as a % of Total
Stores	5	17	22	23%	10%
Restaurants & Bars	4	27	31	13%	11%
Retail Services	0	8	8	0%	4%
Banks, Credit Unions, S&L	1	1	2	50%	84%
Total	10	53	63	16%	12%

(a) San Francisco data are from the 2012 Dun & Bradstreet dataset, and have not been independently verified.

Use types shown are subject to formula retail controls.

Acronyms:

S&L: Savings and loans

Sources: Dun & Bradstreet, 2012; OEWD Invest in Neighborhoods Initiative, 2013; Ocean Avenue Association, 2014; Strategic Economics, 2014. All numbers are approximate.

Many of the formula and independent retail stores in the district serve the daily needs of residents, workers, and students. Figure VIII-17 shows the types of retail stores in the district by type. The formula retail stores on the street include a 7-11 convenience store, two pharmacies (CVS and Walgreens), and the new Whole Foods. Much of the independent retail also serves daily needs, although some independent, specialized retailers – e.g., a furniture store, an appliance store, a sewing supplies store – also likely attract shoppers from elsewhere in the city or region.

Figure VIII-17. Retail Stores by Type: Ocean Avenue Neighborhood Commercial Transit District, Early 2014

Store Type	Ocean Avenue NCT				San Francisco (a)
	Formula Retail	Independent Retail	Total	Formula Retail as a % of Total	Formula Retail as a % of Total
Other Retail Stores (b)	0	6	6	0%	4%
Convenience & Liquor Stores	1	3	4	25%	10%
Furniture and Appliances	0	3	3	0%	11%
Sporting Goods, Hobby, Book, Music	0	3	3	0%	3%
Apparel & Accessories	0	2	2	0%	15%
Pharmacies & Drug Stores	2	0	2	100%	49%
Building Materials & Garden Supplies	1	0	1	100%	9%
Supermarkets & Other Grocery	1	0	1	100%	7%
Total Stores	5	17	22	23%	10%

(a) San Francisco data are from the 2012 Dun & Bradstreet dataset, and have not been independently verified.

(b) Includes fruit and vegetable market, dollar store, pawn shop, framing store, sewing supplies store.

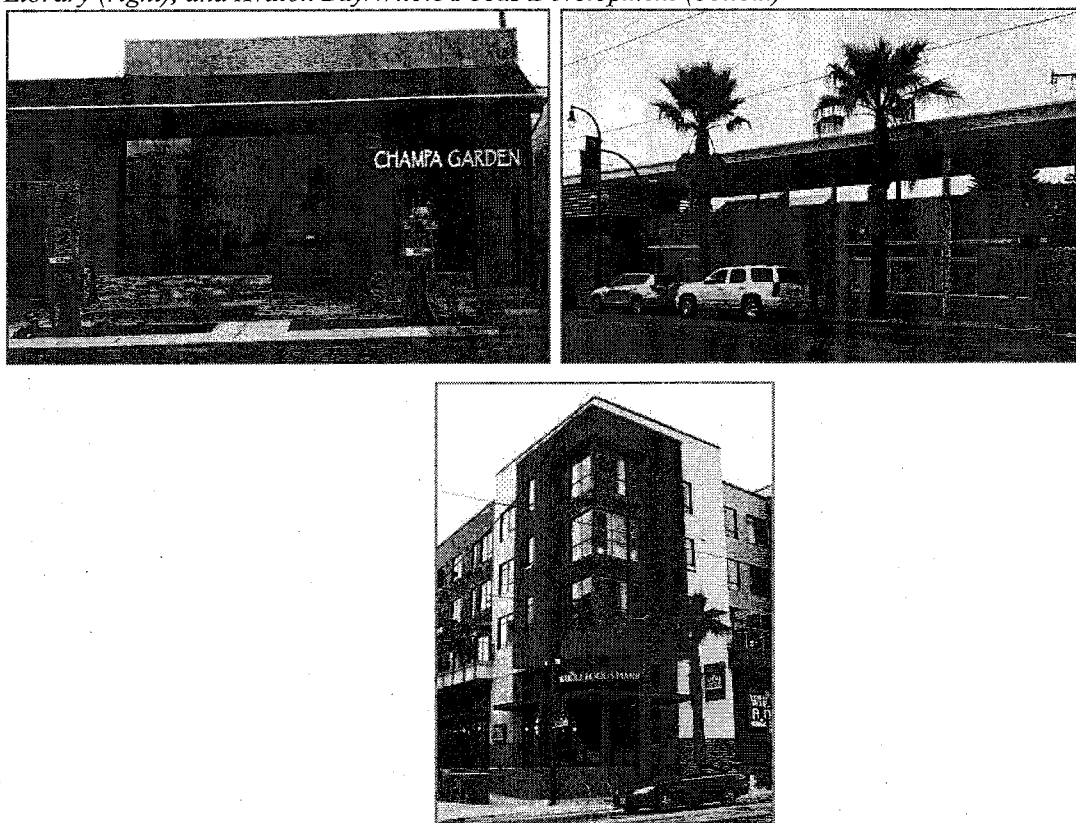
Sources: Dun & Bradstreet, 2012; OEWD Invest in Neighborhoods Initiative, 2013; Ocean Avenue Association, 2014; Strategic Economics, 2014. All numbers are approximate.

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Both formula and independent retailers have contributed to the effort to revitalize Ocean Avenue. The new Whole Foods, which opened in 2013, filled a long-standing need for a grocery store in the Ingleside area and reportedly attracts shoppers from across the Southern Neighborhoods. Champa Gardens, a Southeast Asian restaurant in Oakland, opened a second location near Ocean Avenue in 2013, drawing additional attention to the district. According to the Executive Director of the Ocean Avenue Association, many formula retailers are also active participants in the community. For example, Whole Foods regularly donates meeting space, food, and resources to the community. Other formula retailers encouraged their landlords to vote in favor of establishing the CBD, and regularly provide volunteers for community events.

However, community members note that it is challenging to establish ongoing relationships with formula retailers because the managers rotate between stores or do not have the authority to make decisions. On the other hand, independent businesses can present different challenges. For instance, many small businesses need assistance in maintaining a well-kept façade, or in putting together a business plan.

Figure VIII-18. The New Champa Garden Restaurant (left), Ingleside Branch of the San Francisco Public Library (right), and Avalon Bay/Whole Foods Development (bottom)



Source: Strategic Economics, 2014.

Formula Retail Conditional Use Applications

Since 2007, the case study area has attracted six formula retail conditional use applications; all but one has been approved. Figure VIII-21 shows the formula retail CU application activity in the district. Residents reportedly opposed the Subway location because the proposed formula retail restaurant would have competed with nearby Viking's Giant Submarines, an independent retailer.

Figure VIII-19. Formula Retail Conditional Use Applications in Ocean Avenue Neighborhood Commercial Transit District, 2007-January 2014

Business Name	Address	File Date	Action Date	Action Taken
Subway	1326 Ocean Avenue	2007	2007	Withdrawn
CVS Pharmacy	1760 Ocean Avenue	2011	2011	Approved with conditions
Sherwin-Williams Paint Store	1415 Ocean Avenue	2011	2012	Approved with conditions
Yogurtland	1250 Ocean Avenue	2012	2012	Approved with conditions
Fresh & Easy (a)	1830 Ocean Avenue	2012	2012	Approved with conditions
Whole Foods Market	1150 Ocean Avenue	2012	2013	Approved with conditions

(a) Approved but never opened.

Sources: City and County of San Francisco, 2014; Strategic Economics, 2014.

Demographic, Sales, and Market Trends

The primary trade area around the Ocean Avenue Neighborhood Commercial Transit District has relatively high household incomes, a high share of families, and a high proportion of Asian residents. Figures VIII-20 through VIII-23 provide selected demographic characteristics for the Census Tracts in the half-mile radius around the Ocean Avenue case study area. Compared to the city as a whole, the primary trade area has relatively high household incomes (Figures VIII-20 and VIII-21), many families with and without children (Figure VIII-22), and a high share of Asian residents (Figure VIII-23). Both formula and independent retailers have adapted their offerings to reflect the neighborhood's demographics. For example, Beep's Burgers – an independent burger joint that has been on Ocean Avenue since 1962 – now offers teriyaki bowls as well as burgers,¹¹¹ while the Whole Foods deli was recently serving bánh mì sandwiches.

However, the half-mile radius captures portions of a number of distinct neighborhoods with different demographic characteristics. On the west side of the primary trade area, St. Francis Wood and the Ingleside Terrace/Merced Heights neighborhoods are more affluent, while the Ingleside and Sunnyside neighborhoods to the east have lower average incomes.

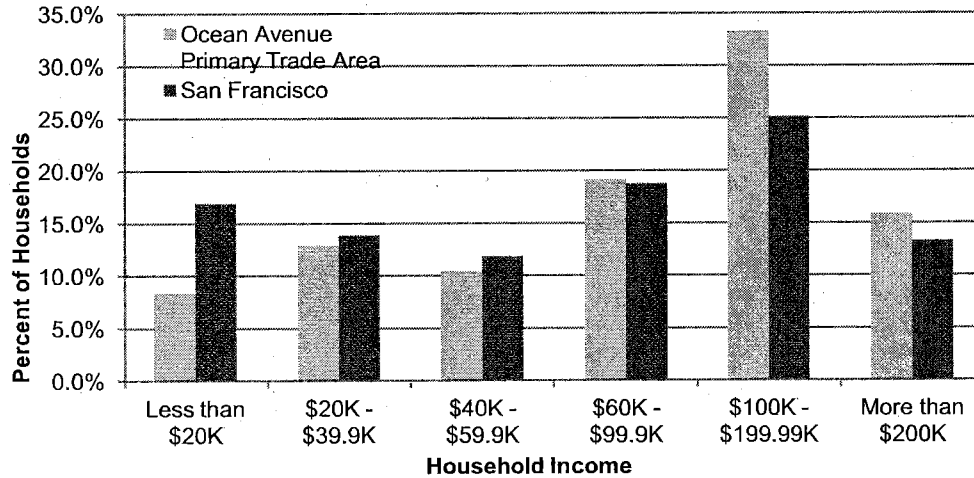
Figure VIII-20. Population, Households, and Average Household Income: Ocean Avenue Primary Trade Area and San Francisco, 2012

	Ocean Avenue Primary Trade Area	San Francisco
Population	30,968	807,755
Number of Households	10,095	340,839
Average Household Size	3.1	2.4
Population Density (People per Acre)	25.0	31.4
Households per Acre	8.1	13.2
Average Household Income	\$123,499	\$107,520

Sources: U.S. Census Bureau American Community Survey, 2008-2012; Strategic Economics, 2014.

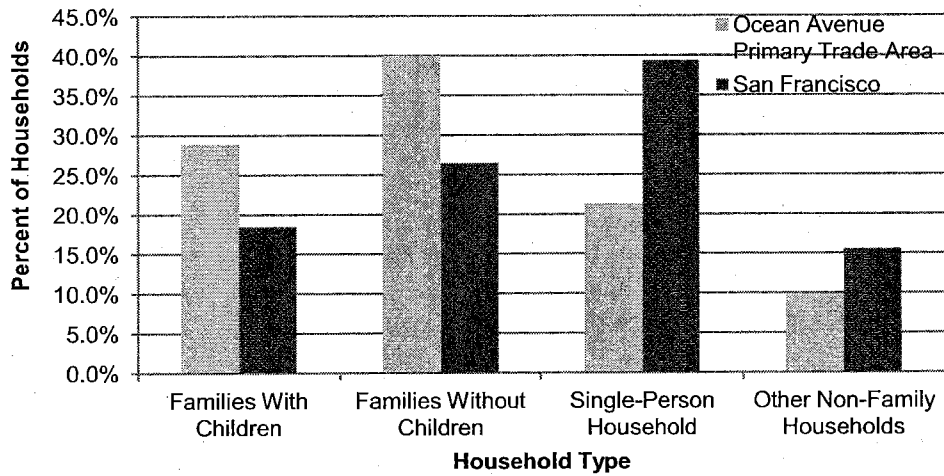
¹¹¹ King, "Students, Residents Come Together on S.F.'s City College Hill."

Figure VIII-21. Households by Income Level: Ocean Avenue Primary Trade Area and San Francisco, 2012



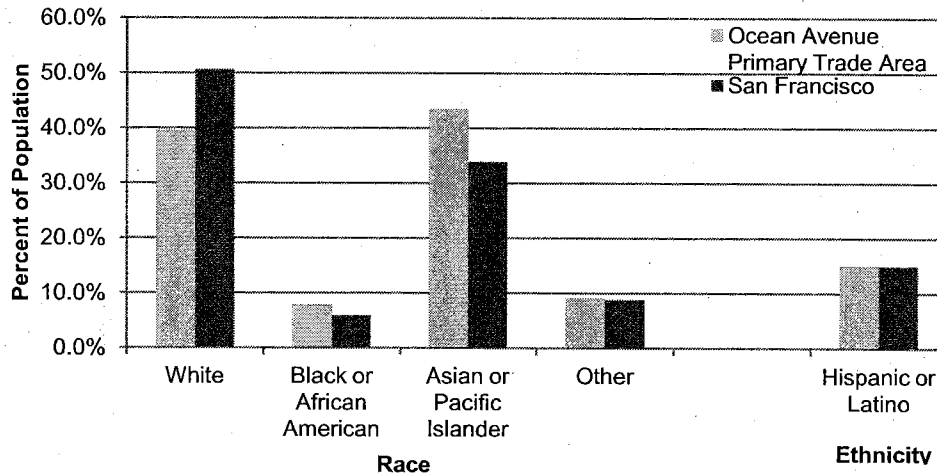
Sources: U.S. Census Bureau American Community Survey, 2008-2012; Strategic Economics, 2014.

Figure VIII-22. Households by Type: Ocean Avenue Primary Trade Area and San Francisco, 2012



Sources: U.S. Census Bureau American Community Survey, 2008-2012; Strategic Economics, 2014.

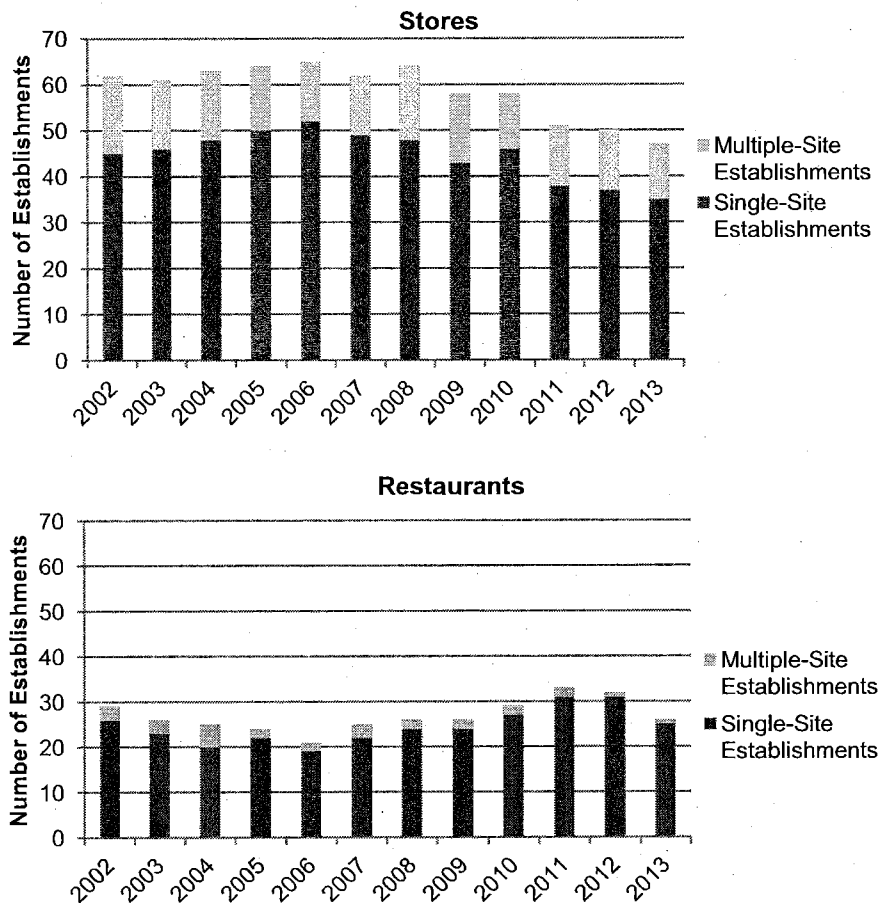
Figure VIII-23. Population by Race and Ethnicity: Ocean Avenue Primary Trade Area and San Francisco, 2012



Sources: U.S. Census Bureau American Community Survey, 2008-2012; Strategic Economics, 2014.

The number of stores reporting sales tax has gone down over time, while the number of restaurants has fluctuated with the economy. Figure VIII-24 shows number of stores and restaurants on Ocean Avenue with one location in San Francisco (“single-site establishments”) or more than one location in San Francisco (“multiple-site establishments”). The total number of stores reporting sales tax revenues declined from 62 in 2002 to 47 in 2013. Single-site stores accounted for 74 percent of all stores on Ocean Avenue in 2013, approximately the same share as in 2002. The overall decline in stores may be linked to national trends; across the country, the number of potential retail tenants has shrunk due to competition with e-commerce and the consolidation of national retail brands. Traditional retail spaces across the country are increasingly being filled with personal, financial, and medical service uses.

Figure VIII-24. Single- and Multiple-Site Stores and Restaurants Reporting Sales Tax in the Ocean Avenue Neighborhood Commercial Transit District, 2002-2013

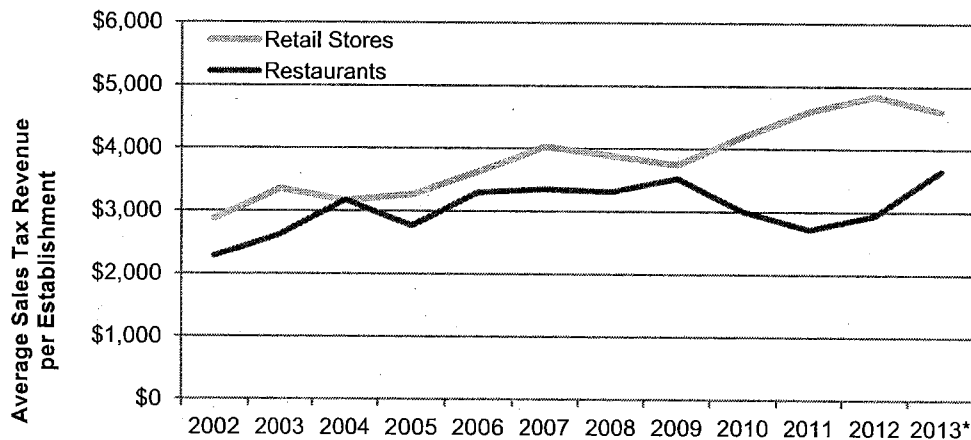


"Single-Site" establishments had one location in San Francisco; "multiple-site" establishments had more than one location in the city.

Sources: San Francisco Office of Economic Analysis, 2014; Strategic Economics, 2014.

Sales tax revenues from single-site establishments have recovered since the recession. Figure VIII-25 shows average sales tax revenue per single-site establishment in the Ocean Avenue NCT. In 2013, retail stores on Ocean Avenue generated an average of \$4,500 in sales tax revenues per store, slightly higher than average sales tax revenues for stores in the Geary case study area (\$3,700 per store in 2013) and lower than in Upper Fillmore (\$6,500 per store). Restaurants on Ocean Avenue reported lower sales tax revenues (an average of \$3,700 per restaurant) than restaurants on Geary Boulevard (\$5,400 per restaurant) or in Upper Fillmore (\$14,300 per restaurant).

Figure VIII-25. Average Sales Tax Revenue Per Single-Site Establishment: Ocean Avenue Neighborhood Commercial Transit District, 2002-2013 (Adjusted to 2013 Dollars)



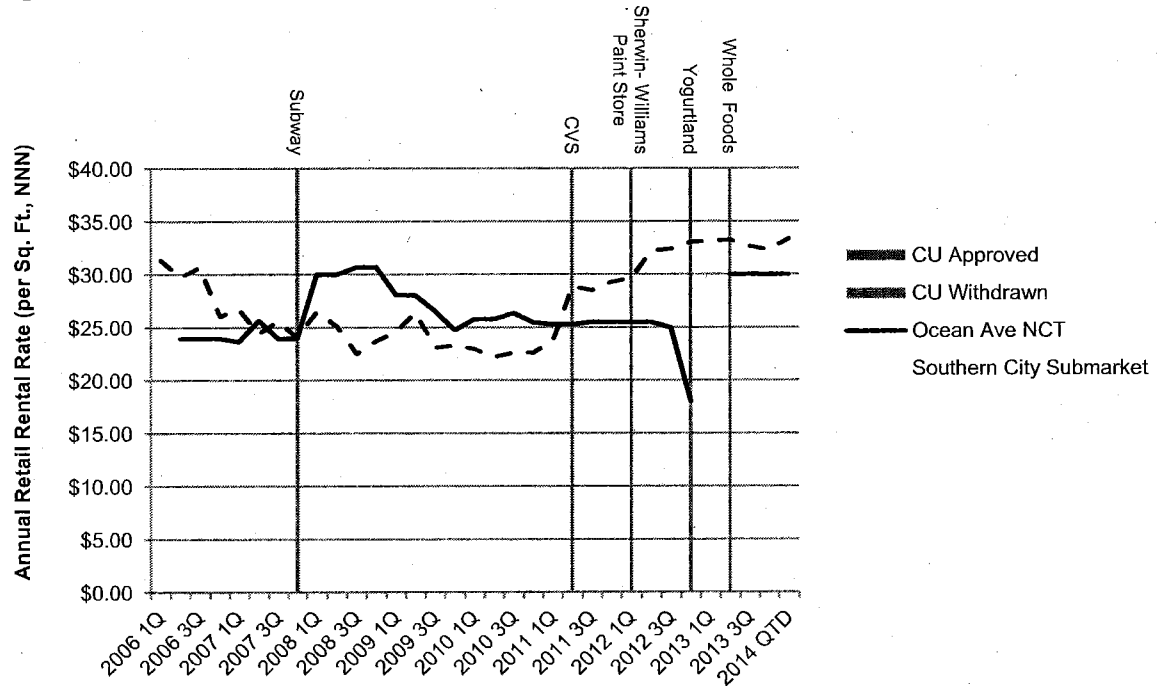
"Single-Site" establishments are firms that reported one location in San Francisco.

*Includes estimate of fourth-quarter sales tax revenues for 2013, based on average revenues in first three quarters of the year.

Sources: San Francisco Office of Economic Analysis, 2014; Strategic Economics, 2014.

Rents in the commercial district appear to be strengthening, while the vacancy rate is stable. Figure VIII-26 shows rental data from CoStar for the Ocean Avenue NCT and Southern City commercial real estate submarket (defined by CoStar), as well as the quarter when formula retail conditional use applications were approved or withdrawn. While rents in a small area can fluctuate significantly from quarter to quarter due to one or two transactions, the available data indicate that rents in the case study area increased at the end of 2013. Inventories conducted by OEWD and the Ocean Avenue Association found that the vacancy rate declined slightly, from 11 to 10 percent of all storefronts, between February 2013 and February 2014.

Figure VIII-26. Rents and Formula Retail Conditional Use Application Activity in the Ocean Avenue Neighborhood Commercial Transit District and Southern City Submarket, 2006-January, 2014



Fresh & Easy is not shown because store never opened, although a CU application was approved. The Southern City Submarket stretches south of 16th Street to the Daly City border, and west of Highway 101 to the shoreline.

Acronyms:

CU: Conditional use application

NCT: Neighborhood commercial transit district

NNN: Triple net

Sources: CoStar, 2014; City and County of San Francisco, 2014; Strategic Economics, 2014. Rents based on CoStar data that have not been independently verified.

Formula retail controls may be among the many factors contributing to some long-term vacancies, along with design challenges, maintenance needs, and other issues. For example, a 17,300-square-foot former Rite Aid at the corner of Ocean Avenue and Dorado Terrace has been vacant for approximately five years, creating a gap in activity that stretches for nearly half a block (Figure VIII-27). The space was developed in the 1980s as part of a mixed-use development and was originally occupied by Safeway.¹¹² The most recent tenant, Rite Aid, closed in 2009, when the company sold the Ocean Avenue store and seven other locations to Walgreens. Walgreens still holds the lease, pays monthly rent on the building, and must approve any new tenants – a common arrangement that allows a national retailer to keep out competitors. The space requires significant improvements in order to be suitable for a new tenant. According to the listing broker, a formula retail tenant would be in the best position to invest in the needed tenant improvements and occupy the large floor plate, but potential formula retail tenants have been unwilling to consider the location because of concerns about the CU authorization process. However, a Fresh and Easy grocery store successfully applied for a formula retail CU authorization to locate in the space in 2012, although the store never opened (Fresh & Easy scaled back its expansion plans around this time due to the company's financial troubles). Design challenges may also be contributing to the difficulty of leasing the space. The building has only a few, small windows and an entry that is recessed from the street, making it unappealing for many retailers, and has structural issues that make it difficult to further subdivide.

¹¹² It has since been subdivided; the other unit in the building is occupied by 24 Hour Fitness.

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Figure VIII-27. Vacant Storefront at Ocean Avenue and Dorado Terrace (1830 Ocean Avenue)



Source: Strategic Economics, 2014.

Neighborhood Character

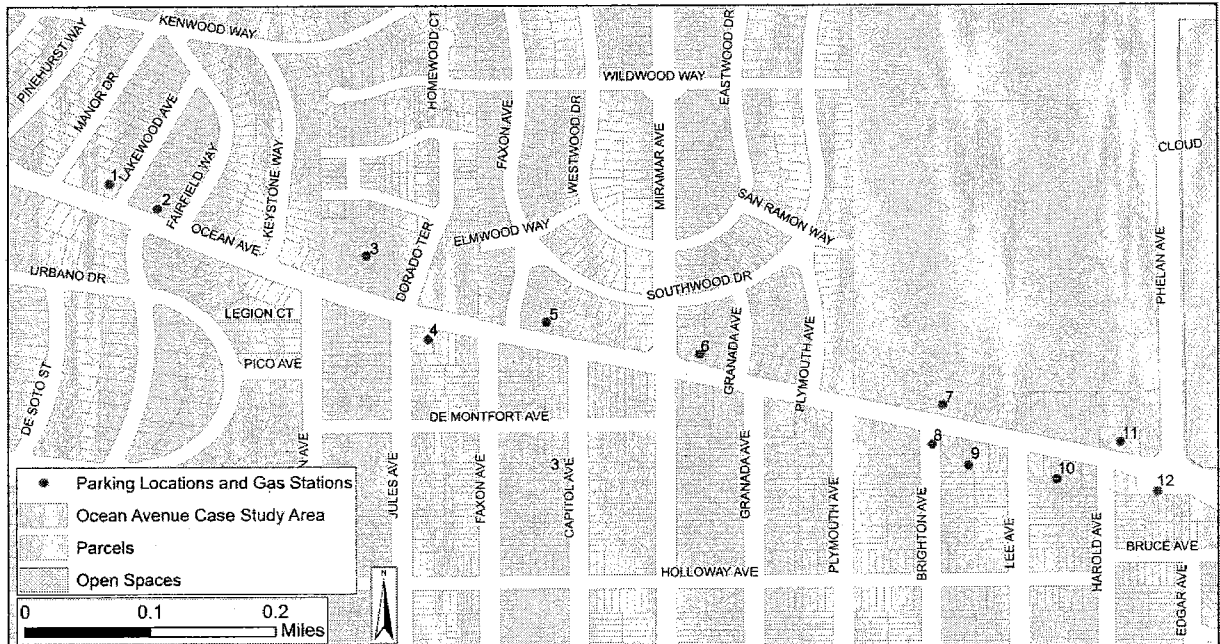
Ocean Avenue is a walkable, compact shopping district, with many commercial buildings dating from the 1920s, 1930s, and 1940s. Although many of the older buildings have a distinct architectural character, others are in need of façade improvements. As discussed above, approximately 10 percent of the storefronts on Ocean Avenue are vacant, and 56 percent are occupied by non-retail uses.

Unlike in Upper Fillmore, many of the formula retailers on Ocean Avenue occupy auto-oriented buildings with significant surface parking. Figure VIII-28 shows parking lots, garages, and gas stations in the case study area. As noted in bold, many of the surface lots serve formula retailers, including Taco-Bell/KFC and 7-Eleven, Walgreens, and McDonalds (the Whole Foods garage is tucked behind the building). There are also three gas stations in the case study area; gas stations are not currently regulated as formula retail.¹¹³

¹¹³ Note that data on the size of formula versus independent storefronts were not available for the Ocean Avenue case study area, because the Dun & Bradstreet data (which provide square footage information) were substantially modified and updated for this case study area.

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Figure VIII-28. Auto-Oriented Uses (Parking Locations and Gas Stations): Ocean Avenue Neighborhood Commercial Transit District



- | | | | |
|--|--|---|--|
| 1. Taco Bell/KFC/7-Eleven
Private Lot
22 Spaces | 2. Voice of Pentacost High School
Private Lot
25 Spaces | 3. Vacant Retail
Private Garage
60 Spaces | 4. Valero Gas Station
Private Lot
15 Spaces |
| 5. Walgreens
Private Lot
20 Spaces | 6. Ocean Avenue Service & Gas Station
Private Lot
14 Spaces | 7. Whole Foods
Private Garage
Unknown Spaces | 8. McDonalds
Private Lot
29 Spaces |
| 9. Fenced Off Lot
Private Lot
22 Spaces | 10. Beeps Drive-In
Private Lot
11 Spaces | 11. Fire Station
Private Lot
20 Spaces | 12. 76 Gas Station
Private Lot
12 Spaces |

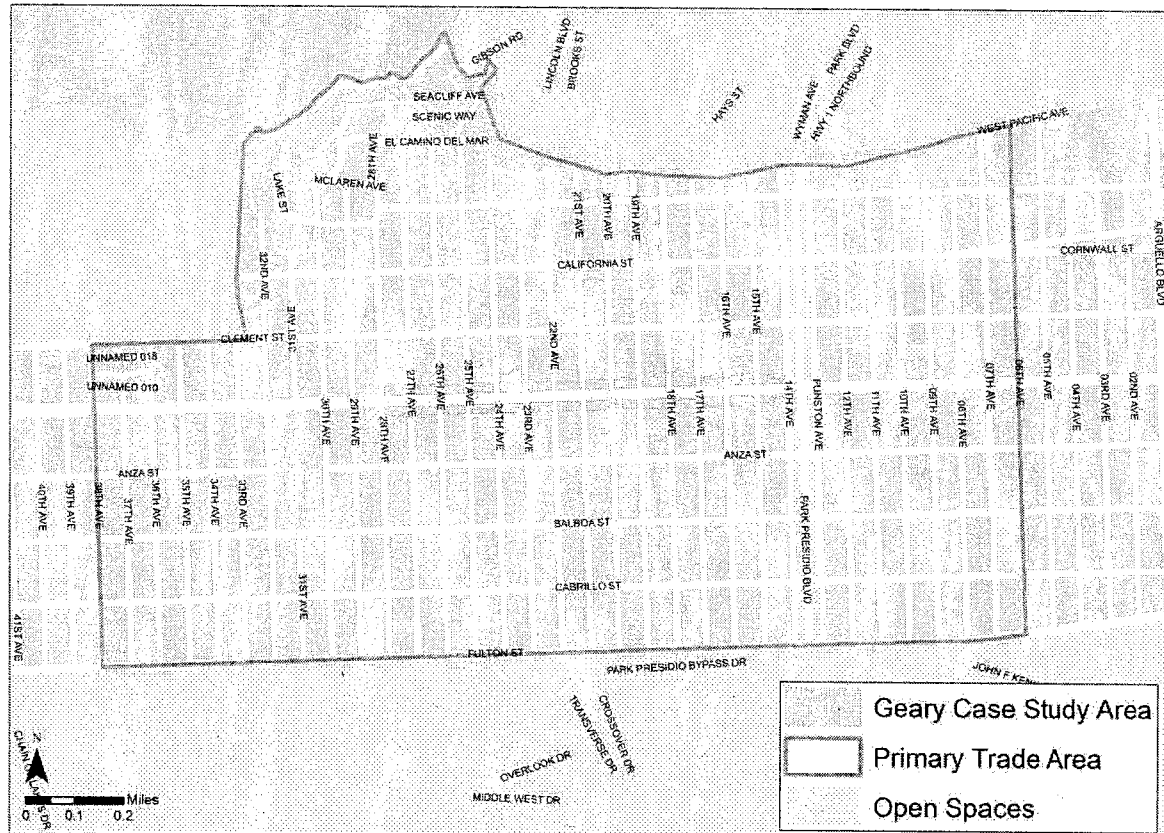
Formula retail establishments are noted in bold.
Sources: SF Park, 2011; Strategic Economics, 2014.

Geary Boulevard (14th to 28th Avenues)

The Geary Boulevard case study area (shown in Figure VIII-29) is a diverse commercial district known for its dim sum and Korean restaurants, Irish bars, and Russian bakeries and grocery stores. The district is also home to many personal care establishments and neighborhood-serving shops, including a number of formula retail fast food restaurants, banks, and other chain stores. Together, this wide variety of retail offerings serves locals while also attracting specialty shoppers from around the Bay Area. The district also benefits from an active merchants' association and a well-organized residents' association. At the same time, however, the case study area faces physical challenges including poorly maintained sidewalks, buildings, and signage, as well as many long-term small businesses that could benefit from façade and other tenant improvements. Geary Boulevard itself is a major east-west arterial with fast-moving traffic. As a result of these physical conditions and the length and disparateness of the commercial district, the case study area struggles to present a distinct identity.¹¹⁴

The following sections discuss the retail dynamics in the case study area, the formula retail conditional use applications that have been submitted, local demographic, sales, and market trends, and the relationship between formula retail and the district's urban form.

Figure VIII-29. Geary Boulevard Case Study Area and Primary Trade Area



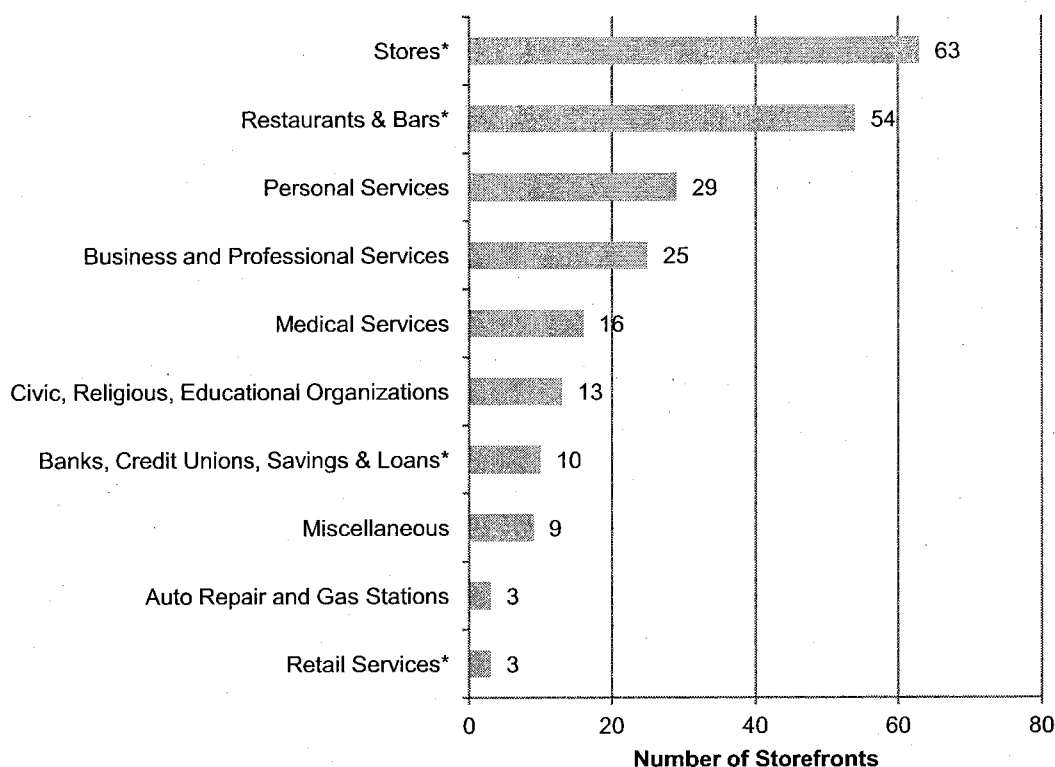
The "Primary Trade Area" is defined as those Census Tracts located within a half-mile radius of each shopping district.
Sources: City and County of San Francisco, 2013; Strategic Economics, 2014.

¹¹⁴ San Francisco Office of Economic and Workforce Development Invest in Neighborhoods Program, "Geary Boulevard Neighborhood Profile, February 2013, <http://oewd.org/IIN.aspx>.

Retail Dynamics

Stores, restaurants, banks, and retail services occupy approximately 60 percent of the storefronts in the Geary Boulevard case study area. Figure VIII-30 shows the approximately 225 occupied storefronts in the case study area by type. Personal services, business and professional services, medical services, and other uses that are not regulated as formula retail occupy approximately 40 percent of the storefronts in the district – slightly lower than on Ocean Avenue, where non-retail uses account for 56 percent of all storefronts. The Invest in Neighborhoods program has identified an “overabundance of nail salons, massage parlors and day spas” (i.e., personal services) as one of the challenges facing the neighborhood.¹¹⁵ While most of the non-retail uses are independent businesses, examples of chains and franchises that would not be considered formula retail under the Planning Code include Jiffy Lube, Best Cuts, H&R Block, All State Insurance, Farmers Insurance, and State Farm Insurance.

Figure VIII-30. Occupied Storefronts by Type: Geary Boulevard Case Study Area, Early 2014



*Use type subject to formula retail controls.

Sources: Dun & Bradstreet, 2012; OEWD Invest in Neighborhoods, 2013; Strategic Economics, 2014.
All numbers are approximate.

Formula retail accounts for 16 percent of all retail establishments, but only 11 percent of stores and 9 percent of restaurants and bars are formula retail. Figure VIII-31 shows those uses that are subject to the City’s formula retail controls. The overall proportion of formula retail (16 percent) is skewed

¹¹⁵ San Francisco Office of Economic and Workforce Development Invest in Neighborhoods Program, “Geary Boulevard Neighborhood Profile.”

upwards by the many formula retail banks in the case study area. The share of formula retail stores and restaurants in the case study area is comparable to citywide averages.

Figure VIII-31. Formula and Independent Retail Establishments by Use Type: Geary Boulevard Case Study Area, Early 2014

Use Type	Geary Boulevard Case Study Area				San Francisco (a)
	Formula Retail	Independent Retail	Total	Formula Retail as % of Total	Formula Retail as % of Total
Stores	7	56	63	11%	10%
Restaurants & Bars	5	49	54	9%	11%
Retail Services	0	3	3	0%	4%
Banks, Credit Unions, S&L	9	1	10	90%	84%
Total	21	109	130	16%	12%

(a) San Francisco data are from the 2012 Dun & Bradstreet dataset, and have not been independently verified.

Use types shown are subject to formula retail controls.

Acronyms:

S&L: Savings and loans

Sources: Dun & Bradstreet, 2012; OEWD Invest in Neighborhoods Initiative, 2013; Ocean Avenue Association, 2014; Strategic Economics, 2014. All numbers are approximate.

The Geary Boulevard case study area is home to a wide range of formula and independent retail stores serving both residents' daily needs and providing more specialized goods. Figure VIII-32 shows retail stores by type in the case study area. The district's formula retail stores include both daily needs-serving retailers (such as a new Grocery Outlet, a Walgreens pharmacy, and several convenience stores) and more specialized/comparison shopping stores such as an Aaron Brothers framing store, a Radio Shack, and a Ross Dress for Less department store.

Figure VIII-32. Retail Stores by Type: Geary Boulevard Case Study Area, Early 2014

Retail Store Type	Geary Boulevard Case Study Area				San Francisco (a)
	Formula Retail	Independent Retail	Total	Formula Retail as % of Total	Formula Retail as % of Total
Other Retail Stores (b)	1	15	16	6%	4%
Furniture & Appliances	1	10	11	9%	11%
Supermarkets & Other Grocery	1	5	6	17%	7%
Apparel & Accessories	0	5	5	0%	15%
Convenience & Liquor Stores	2	3	5	40%	10%
Bakeries	0	5	5	0%	N/A
Pharmacies & Drug Stores	1	4	5	20%	49%
Building Materials & Garden Supplies	0	3	3	0%	9%
Other Health & Personal Care Stores	0	3	3	0%	20%
Sporting Goods, Hobby, Book, Music	0	3	3	0%	3%
Department Stores	1	0	1	100%	7%
Total	7	56	63	11%	10%

(a) San Francisco data are from the 2012 Dun & Bradstreet dataset, and have not been independently verified.

(b) Includes florists, framing stores, produce markets, office supply, gift, jewelry, and tobacco stores.

N/A: Not available

Sources: Dun & Bradstreet, 2012; OEWD Invest in Neighborhoods Initiative, 2013; Ocean Avenue Association, 2014; Strategic Economics, 2014. All numbers are approximate.

Formula Retail Conditional Use Applications

The community has generally supported conditional use applications for formula retail that fills long-standing needs, but organized to oppose a formula retail use that competed with existing small businesses. Figure VIII-33 lists the formula retail CU applications that have been filed in the Geary Boulevard case study area since CU authorizations for formula retail were first required in 2007. A Grocery Outlet was approved and opened in late 2013 in a 13,500-square-foot space formerly occupied by Cala Foods. According to local stakeholders, community members generally supported the application because it helped fill a need for grocery stores. On the other hand, many community members organized to oppose an Unleashed by PetCo store location that was proposed for 5411 Geary Boulevard, because it competed with existing independent pet stores in the area. In response to opposition to the PetCo store, the Board of Supervisors passed legislation in 2011 that bans formula retail pet supply stores in the case study area. The PetCo application was subsequently withdrawn.

Figure VIII-33. Formula Retail Conditional Use Applications in Geary Boulevard Case Study Area, 2007-January 2014

Business Name	Address	File Date	Action Date	Action Taken
Unleashed by PetCo	5411 Geary Blvd	2011	Not applicable	Withdrawn
Grocery Outlet	6333 Geary Blvd	2013	2013	Approved with conditions
Kelly Moore Paint	5411 Geary Blvd	2013	Not applicable	Withdrawn

Sources: City and County of San Francisco, 2014; Strategic Economics, 2014.

Demographic and Market Trends

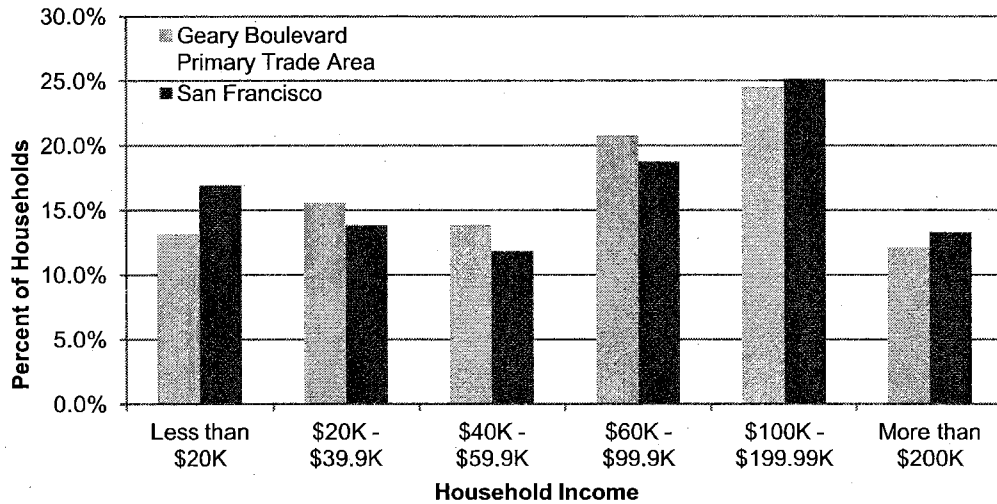
The half-mile radius around the Geary Boulevard case study area is home to many moderate-income households, including many families. Figures VIII-34 through VIII-37 provide selected demographic characteristics for the Census Tracts in the half-mile radius around the Geary Boulevard case study area. The population density in the Geary Boulevard primary trade area (40 people per acre) is nearly as high as in the half-mile surrounding Upper Fillmore (44 people per acre), but in contrast to Upper Fillmore slightly more than half of all households in the Geary trade area are families (Figure VIII-36). The average household income around Geary is slightly lower than the citywide average of \$107,500 (Figure VIII-34). Compared to San Francisco as a whole, a high proportion of households in the Geary trade area earn between \$20,000 and \$99,999 a year (Figure VIII-35). Asian and white residents account for a nearly equal share of the population (Figure VIII-37).

Figure VIII-34. Population, Households, and Average Household Income: Geary Boulevard Primary Trade Area and San Francisco, 2012

	Geary Boulevard Primary Trade Area	San Francisco
Population	50,429	807,755
Number of Households	20,308	340,839
Average Household Size	2.5	2.4
Population Density (People per Acre)	40.2	31.4
Households per Acre	16.2	13.2
Average Household Income	\$104,067	\$107,520

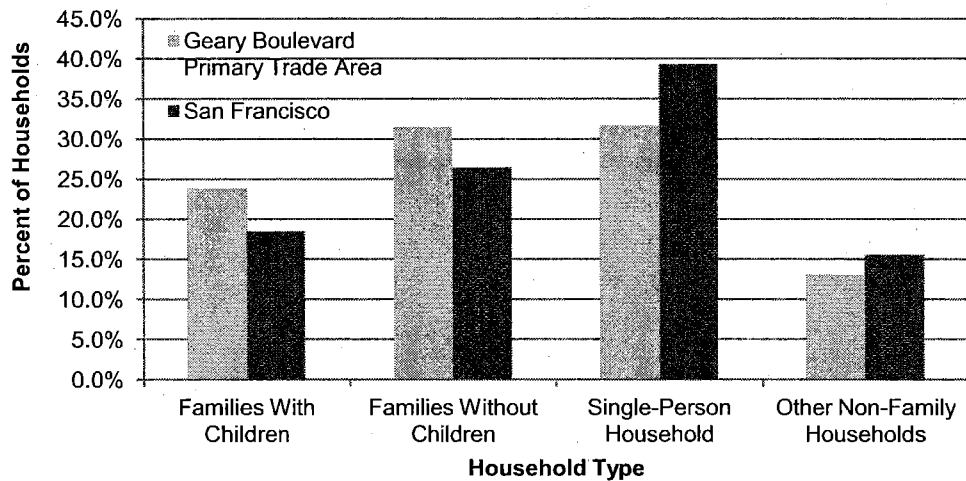
Sources: U.S. Census Bureau American Community Survey, 2008-2012; Strategic Economics, 2014.

Figure VIII-35. Households by Income Level: Geary Boulevard Primary Trade Area and San Francisco, 2012



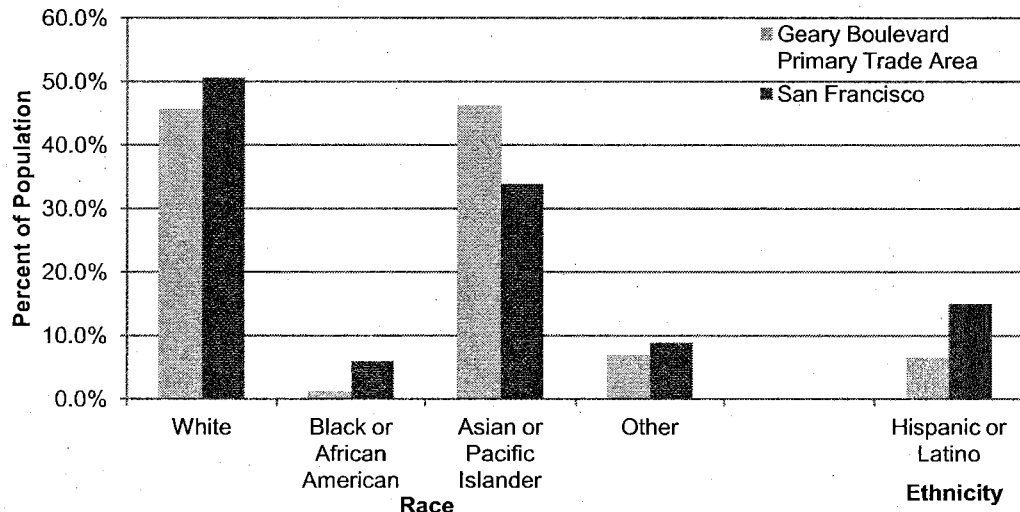
Sources: U.S. Census Bureau American Community Survey, 2008-2012; Strategic Economics, 2014.

Figure VIII-36. Households by Type: Geary Boulevard Primary Trade Area and San Francisco, 2012



Sources: U.S. Census Bureau American Community Survey, 2008-2012; Strategic Economics, 2014.

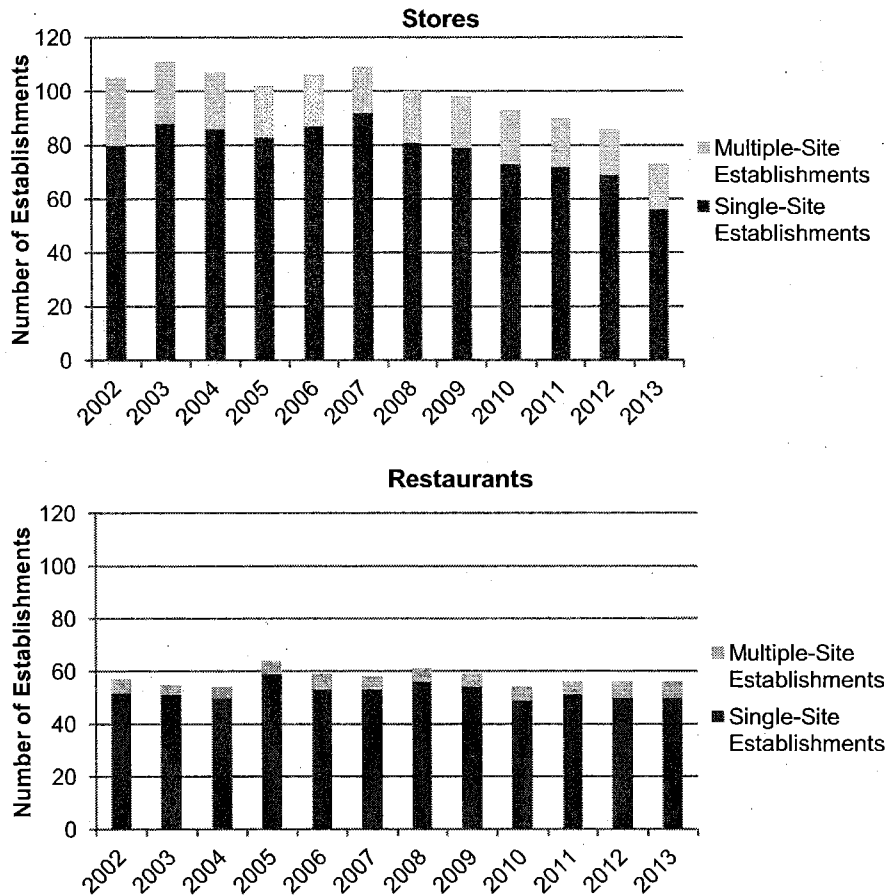
Figure VIII-37. Population by Race and Ethnicity: Geary Boulevard Primary Trade Area and San Francisco, 2012



Sources: U.S. Census Bureau American Community Survey, 2008-2012; Strategic Economics, 2014.

The number of stores reporting sales tax has declined over time, while the number of restaurants has remained stable. As shown in Figure VIII-38, the number of stores (including both single-site and multiple-site establishments) has declined steadily since 2007. As on Ocean Avenue, this trend likely reflects the challenges that traditional brick-and-mortar retail stores are facing nationwide. Meanwhile, the number of restaurants has remained stable. For both stores and restaurants, single-site establishments accounted for approximately the same percentage of total establishments in 2013 as in 2002.

Figure VIII-38. Single- and Multiple-Site Stores and Restaurants Reporting Sales Tax in the Geary Boulevard Case Study Area, 2002-2013

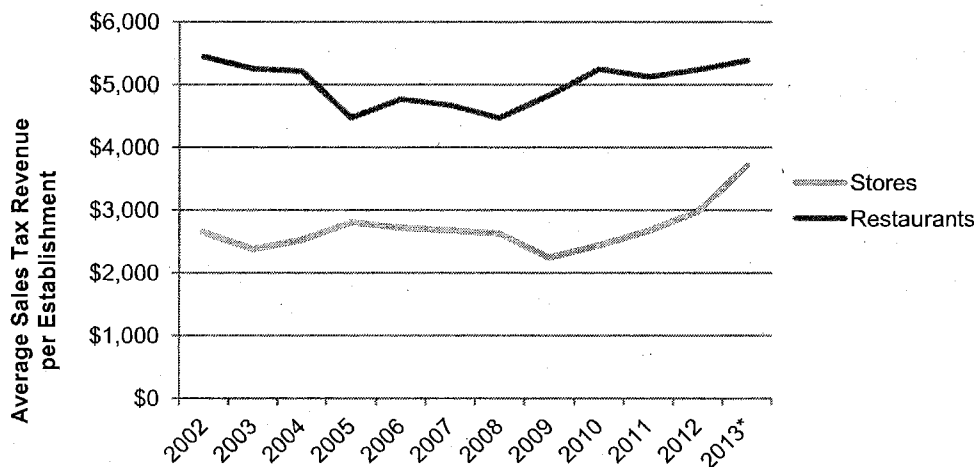


"Single-Site" establishments had one location in San Francisco; "multiple-site" establishments had more than one location in the city.

Sources: San Francisco Office of Economic Analysis, 2014; Strategic Economics, 2014.

Since the recession, sales tax revenues from single-site establishments have recovered strongly. Figure VIII-39 shows average sales tax revenue per single-site establishment in the Geary Boulevard case study area. In 2013, stores in the case study area generated an average of \$3,700 in sales tax revenues per establishment, slightly lower than average per-store revenues on Ocean Avenue (\$4,600 per establishment) and significantly lower than in Upper Fillmore (\$6,500). Restaurants on Geary Boulevard reported higher sales tax revenues (an average of \$5,400 per establishment) than restaurants on Ocean Avenue (\$3,700), but significantly lower revenues than restaurants in Upper Fillmore (\$14,300).

Figure VIII-39. Average Sales Tax Revenue Per Single-Site Establishment: Geary Boulevard Case Study Area, 2002-2013 (Adjusted to 2013 Dollars)



"Single-Site" establishments had one location in San Francisco.

*Includes estimate of fourth-quarter sales tax revenues for 2013, based on average revenues in first three quarters of the year.

Sources: San Francisco Office of Economic Analysis, 2014; Strategic Economics, 2014.

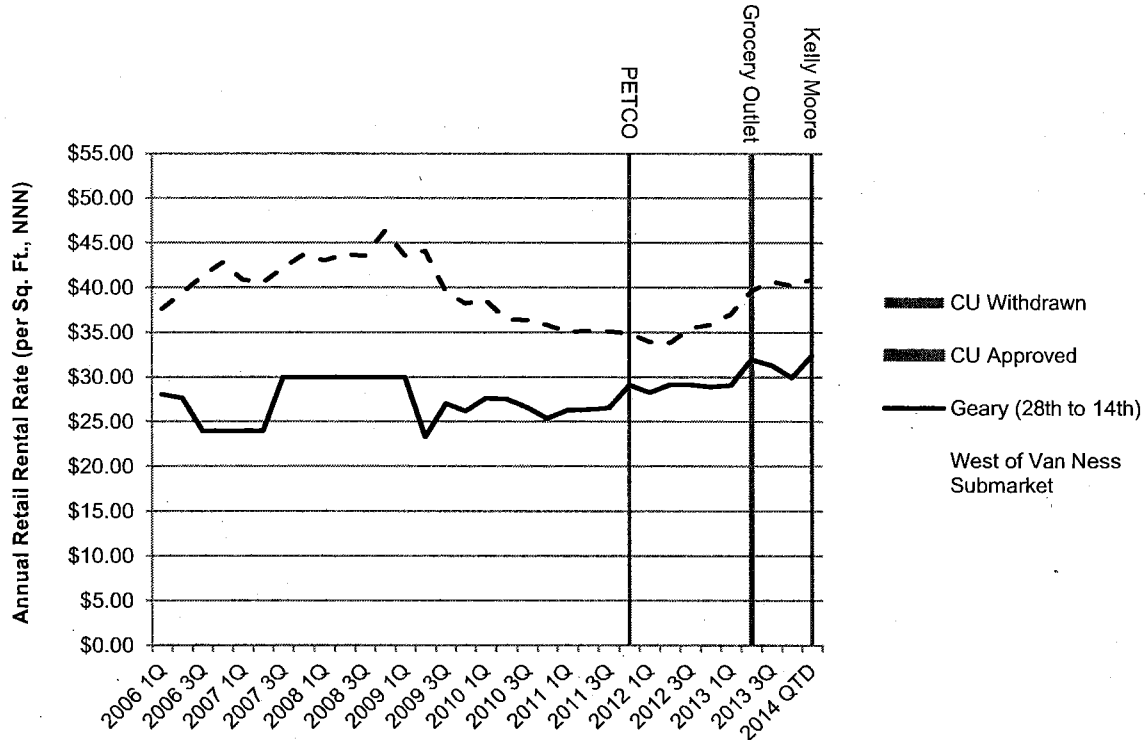
Reflecting increasing sales volumes, rents in the district are reportedly rising while the vacancy rate has declined over the past year. Figure VIII-40 provides CoStar data on rents for the Geary Boulevard case study area and West of Van Ness commercial real estate submarket (defined by CoStar), and shows the quarter when formula retail conditional use applications were approved or withdrawn. According to CoStar, rents have risen slightly in the case study area since early 2011. Local merchants have also raised concerns about an upward pressure on rents.¹¹⁶ Storefront inventories conducted by OEWD in February 2013 and December 2013 show the vacancy rate falling from eight percent to six percent over the course of the year.

Several large, long-vacant storefronts have proved challenging to fill with traditional retail uses. For example, a 5,000-square-foot former Walgreens site at 5411 Geary Boulevard (shown in Figure VIII-41) has been vacant for a number of years. As discussed above, Unleashed by PetCo submitted a formula retail CU application for the space in 2011, which was withdrawn amid significant controversy. An application for a Kelly Moore paint store in 2013 was also withdrawn. In early 2014, the space was leased by Hi-Five Sports, an indoor sports facility that will include a large basketball court for private events, classes, and practice.¹¹⁷ As an athletic facility and the company's first brick-and-mortar location, Hi-Five Sports did not require a formula retail CU authorization.

¹¹⁶ Ibid.

¹¹⁷ Thomas K. Pendergast, "Proposal for New Petco Store on Geary Draws Public Ire," *The Richmond Review*, February 2011, <http://www.sfrichmondreview.com/archives/richmondreview/2011editions/Feb11/petco.html>; Joshua Sabatini, "Petco Barred from San Francisco's Geary Street by Pet-Supply Chain Ban," *The San Francisco Examiner*, July 27, 2011, <http://www.sfexaminer.com/sanfrancisco/petco-barred-from-san-franciscos-geary-street-by-pet-supply-chain-ban/Content?oid=2178777>; "Hi-Five Sports Zone Moving into Former Walgreens Space near 18th & Geary," *Richmondsfblog.com*, March 6, 2014, <http://richmondsfblog.com/2014/03/06/hi-five-sports-zone-moving-into-former-walgreens-space-near-18th-geary/>.

Figure VIII-40. Rents and Formula Retail Conditional Use Application Activity in the Geary Boulevard Case Study Area and West of Van Ness Submarket, 2006-January 2014



The West of Van Ness Submarket stretches west from Van Ness and north of 16th Street to the shoreline.

Acronyms:

CU: Conditional use application; NNN: Triple net

Sources: CoStar, 2014; City and County of San Francisco, 2014; Strategic Economics, 2014.

Rents based on CoStar data that have not been independently verified.

Figure VIII-41. Long-Term Vacant Storefront in the Geary Boulevard Case Study Area (5411 Geary Boulevard)



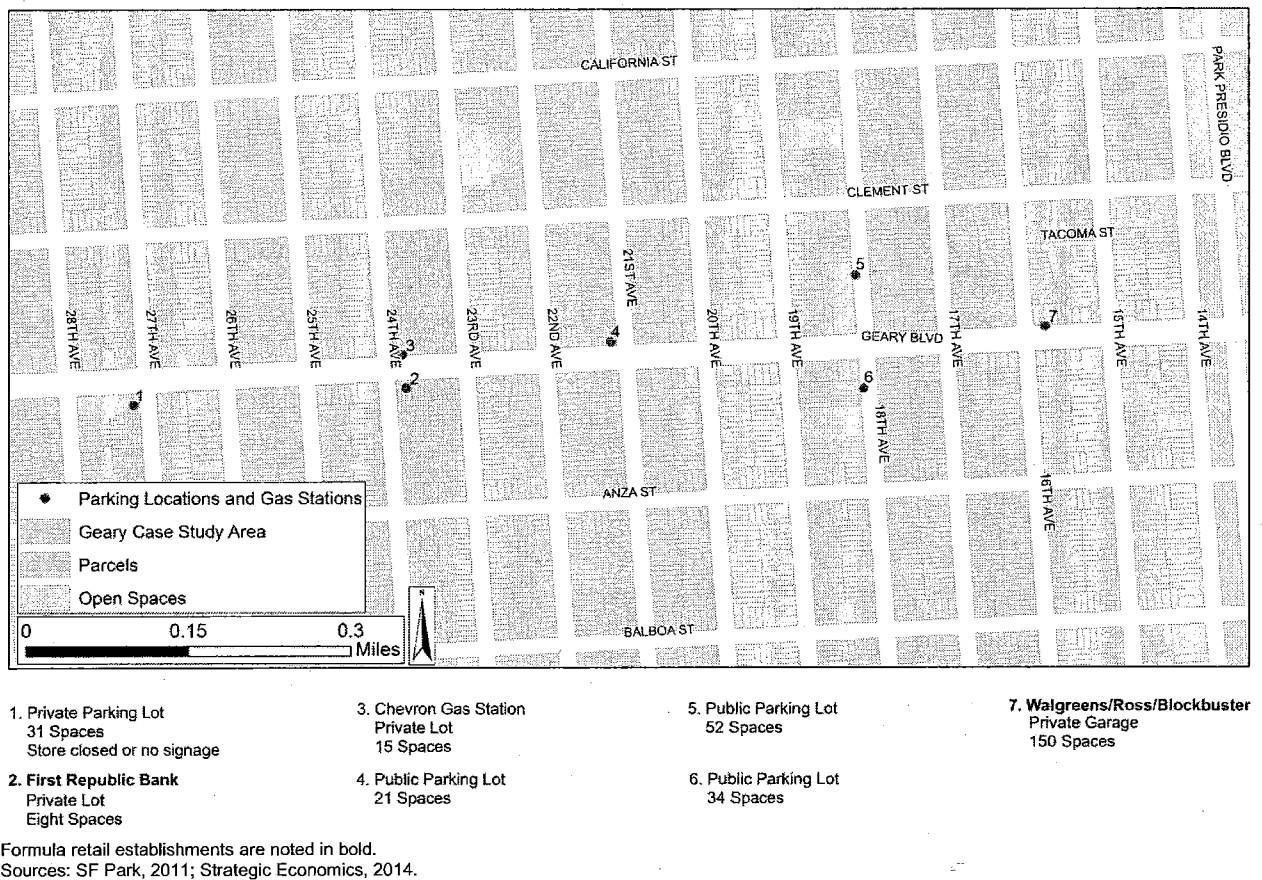
Source: Strategic Economics, 2014.

Neighborhood Character

The Geary Boulevard case study area faces physical challenges including poorly maintained sidewalks, buildings, and signage, as well as many long-term small businesses that could benefit from façade and other tenant improvements. Geary Boulevard itself is a major east-west arterial with fast-moving traffic. As a result of these physical conditions and the length and disparateness of the commercial district, the case study area struggles to present a distinct identity.

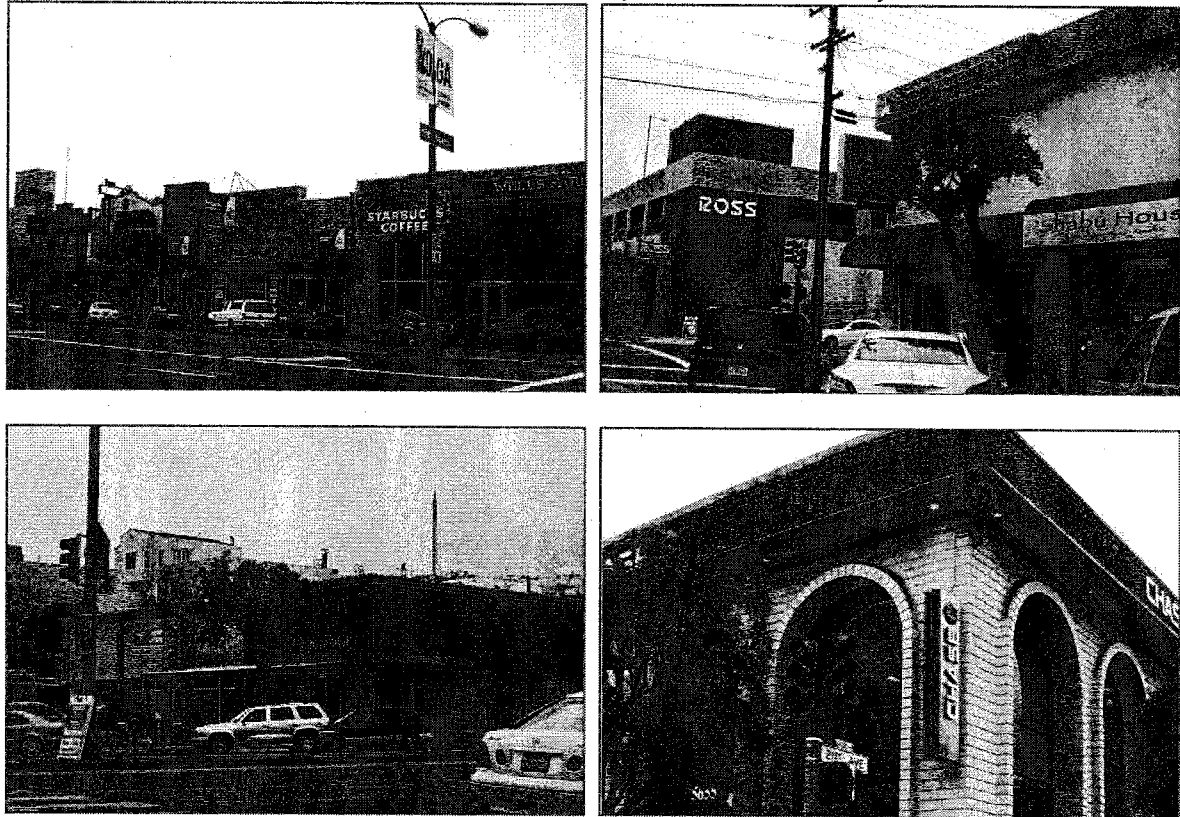
Most of the private parking facilities in the Geary Boulevard case study area serve formula retail uses. Figure VIII-42 shows the location of auto-oriented uses, including public and private parking lots and gas stations, in the case study area.¹¹⁸ Formula retail uses – including Grocery Outlet, First Republic Bank, Walgreens, Ross, and Blockbuster – occupy three of the four parcels with private parking lots or garages. The fourth private parking lot serves a gas station.

Figure VIII-42. Auto-Oriented Uses (Parking Locations and Gas Stations): Geary Boulevard Case Study Area



¹¹⁸ Note that data on the size of formula versus independent storefronts were not available for the Geary Boulevard case study area, because the Dun & Bradstreet data (which provide square footage information) were substantially modified and updated for this case study area.

Figure VIII-43. Selected Formula Retailers in the Geary Boulevard Case Study Area



Source: Strategic Economics, 2014.

Conclusions

Figure VIII-44 summarizes some of the characteristic features of the three neighborhood case study areas. Taken together, the case studies suggest the following conclusions.

Depending on their location, formula retail establishments can serve local daily needs or cater to regional shoppers. In Upper Fillmore, formula retailers are part of a cluster of high-end fashion boutiques that serves many shoppers from across the city and region as well as high-income residents. Meanwhile, community members have expressed concerns about a loss of independent daily needs-serving businesses, which tend to have lower profit margins and thus struggle to afford the district's high rents. On Geary Boulevard and Ocean Avenue, most formula and independent retail businesses tend to be in categories that serve residents' and workers' daily needs, such as grocery stores, drug stores, banks, and coffee shops. However, as a major arterial, Geary Boulevard has more comparison shopping – including formula and independent retailers – compared to Ocean Avenue.

The urban form of formula retail establishments in the case study areas varies significantly, depending on the characteristics of existing built space in the district and the type of function that the retailers serve. In Upper Fillmore, formula retail establishments tend to locate in Victorian buildings with limited parking, although on average formula retailers occupy larger storefronts than independent retailers. In contrast, formula retail establishments on Ocean Avenue and Geary Boulevard are more likely to locate in auto-oriented buildings with significant parking. This difference reflects the eras when the districts were developed and existing types of buildings in the case study areas – after all, most of the

formula retail has located in existing buildings – as well as the different functions that formula retail plays in the different neighborhoods. Formula retail in Upper Fillmore generally caters to comparison shoppers who are likely to drive or take transit to the district and then walk from store to store. On the other hand, much of the formula retail on Ocean Avenue and Geary Boulevard sell groceries and personal goods that many shoppers buy in large quantities and prefer to transport in a car.

Figure VIII-44. Summary of Selected Case Study Area Characteristics

	Upper Fillmore	Ocean Avenue	Geary Boulevard (14th to 28th Avenues)
Retail Mix	--High-end apparel and beauty stores, home furnishings --Limited daily needs-serving stores --Restaurants	--Personal services, civic organizations, medical services --Many daily needs-serving stores --Restaurants	--Personal services, civic organizations, medical services --Mix of daily needs-serving stores and comparison shopping --Restaurants
Neighborhood Character	--Pedestrian-oriented shopping streets --Traditional Victorian mixed-use buildings --Limited off-street parking for formula and independent retail	--Pedestrian-oriented arterial --Mix of single-use retail buildings and mixed-use development --Several surface parking lots serving formula retailers	--Major arterial corridor --Mix of single-use retail buildings and mixed-use development --Several surface parking lots and garages serving formula retailers
Trade Area Demographics	--High household incomes --Small household sizes	--Moderate to high household incomes --Many families	--Moderate household incomes --Many families
Concentration of Formula Retail (Formula Retail as a % of Total Retail Establishments)	20% (does not include international chains and formula retail subsidiaries)	16%	16%
Formula Retail Conditional Use Applications Since 2007	Five; all approved	Six; one withdrawn, five approved	Three; two withdrawn, one approved
Average Sales Tax Revenues per Single-Site Establishments	\$6,500 (stores) \$14,300 (restaurants)	\$4,600 (stores) \$3,700 (restaurants)	\$3,700 (stores) \$5,400 (restaurants)
Retail Vacancy Rate (Late 2013/Early 2014)	Effectively zero	10%	6%

Source: Strategic Economics, 2014.

Personal, business, and medical services play an important role in filling vacant retail space in daily needs-serving districts like the Ocean Avenue and Geary Boulevard case study areas, reflecting national retail market trends. While Upper Fillmore's high sales volumes and reputation as a shopping destination continues to attract many retail stores and keep vacancies low, non-retail uses occupy a significant share of storefronts on Geary Boulevard and Ocean Avenue (40 percent and 56 percent, respectively). Moreover, the latter two case study areas both experienced decreases in the number of retail stores reporting sales tax revenues between 2002 and 2013. This trend reflects the challenge that cities across the country are facing in filling retail space with traditional retail activities as the industry has

become increasingly consolidated, with chain stores dominating much of the retail landscape. More recently, brick-and-mortar retail stores have also been forced to compete with online sales. Increasingly, cities, landlords, and brokers rely on businesses that do not typically face competition from Internet-based retailers (e.g., restaurants, food stores, and personal services), or that offer specialized customer service or a unique shopping experience (e.g., high-end clothing stores). Given these trends, expanding formula retail controls to include personal, business, and medical services could potentially make it more difficult to maintain healthy vacancy rates (i.e., vacancy rates of no more than 10 percent) in some NCDs.

The City's formula retail controls may make some spaces more challenging to lease, especially larger buildings that are often best suited for formula retailers. Brokers report that the controls make leasing large (>3,000 square foot) spaces particularly challenging, because formula retailers can generally fill more floor space than independent retailers and can more often afford to make needed tenant improvements and pay the rents required to lease larger storefronts. On the other hand, formula retail controls are likely only one of many factors contributing to long-term vacancies. For example, the vacancy of the former Rite Aid space on Ocean Avenue is directly tied to corporate restructurings of national chains (the space became vacant when the Rite Aid was purchased by Walgreens; a Fresh & Easy that was approved for the site never opened, due to the company's larger financial problems). The storefront, which occupies the ground floor of a mixed-use building, also suffers from significant design challenges including structural issues that make it difficult to subdivide.

Formula retail establishments often have the resources to improve storefronts with challenging physical conditions and can serve as anchors in revitalizing neighborhoods, but can also be challenging to involve in merchant and community organizing and outreach. The Whole Foods on Ocean Avenue is an example of a formula retail business that has helped bring new customer traffic to a struggling corridor. On the other hand, community members note that it is challenging to establish ongoing relationships with many formula retailers because the managers rotate between stores or do not have the authority to make decisions.

The City's formula retail controls generally serve as a disincentive for formula retail establishments to locate in NCDs, but formula retailers' willingness to go through the formula retail conditional use application process depends on conditions in specific districts. The Upper Fillmore and Ocean Avenue case study areas have each attracted five to six formula retail CU applications since the controls went into effect in 2007, suggesting that at least some formula retail establishments have determined that demand for their goods and services is strong enough in these neighborhoods to outweigh the cost and uncertainty of the CU process. Indeed, all of the CU applications in Upper Fillmore and all but one on Ocean Avenue have been approved. On the other hand, the Geary Boulevard case study area has only attracted three formula retail CU applications, of which two have been withdrawn. The lower application rate on this part of Geary Boulevard likely reflects more challenging market conditions, as indicated by the lower average household incomes in the trade area and lower sales volume for retail stores compared to the other two case study areas. The significant community opposition that PetCo Unleashed encountered may also serve as a deterrent for new formula retail CU applicants.

Community reaction to formula retail conditional use applications appears to depend on the potential impact on competing businesses and whether prospective formula retail tenants are filling long-standing vacancies or meeting perceived community needs. In Upper Fillmore, for example, community members have raised concerns about large, established brands competing with independent retailers, the decline in businesses that serve daily needs, and the perception that formula retailers are less engaged with the community than independent businesses. Along Ocean Avenue, however, many formula retailers are seen as providing valuable neighborhood services, although it can be challenging to establish ongoing relationships with them. Along Geary Boulevard, the community has generally supported CU

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applications for formula retail that fills long-standing needs, but organized to oppose formula retail that competed with existing small businesses.

The City's formula retail CU application process allows the Planning Commission to exercise discretion and respond to case-by-case concerns raised by community members. When considering a request for a formula retail CU, the Planning Commission is required to consider criteria such as the existing concentration of formula retail uses, the availability of other similar retail uses, the existing retail vacancy rates, the existing mix of citywide- and neighborhood-serving uses, and the compatibility of the proposed project with the existing architectural and aesthetic character of the district.

APPENDIX A. DATA SOURCES AND METHODOLOGY: IDENTIFYING EXISTING FORMULA RETAIL

As summarized in Chapter III, Strategic Economics identified formula and independent retail establishments using a database of all businesses in San Francisco purchased in 2012 from Dun & Bradstreet (D&B). D&B is a commercial vendor that collects and sells data on businesses, assigning each establishment in its database a unique, location-specific Data Universal Numbering System (D-U-N-S®) Number. D&B also collects a wide range of data points on each individual establishment including business name, trade name, address, annual sales volume, number of employees, square feet of establishment, year opened, line of business, and corporate linkages, including categorizing each establishment by whether it is a single location, branch, headquarters, or subsidiary. The City and County of San Francisco geocoded each establishment based on the address provided by D&B.

The 2012 D&B database includes approximately 82,000 business establishments located in San Francisco. In order to identify formula and other retail establishments, Strategic Economics used the following methodology:

1. **Identifying retail:** Strategic Economics used the North American Industry Classification System (NAICS) codes¹¹⁹ that D&B provides for each establishment in the dataset to identify types of businesses that would most likely be subject to the definition of formula retail in the San Francisco Planning Code.¹²⁰ Figure A-1 shows the NAICS codes considered to be “retail” under this definition, based on the Planning Code and discussions with Planning Department staff. Retail establishments were grouped into broad “use types” for the purposes of the analysis: stores; restaurants, bars, and cafes; retail services; banks, credit unions, and savings and loans.¹²¹ Note that some uses that are often considered retail in other contexts – for example, hair salons, gyms, health care outlets, gas stations, home mortgage centers, tax service centers, and auto dealerships – are not currently subject to San Francisco’s formula retail controls, and were therefore excluded from the definition of retail for the purposes of this analysis. Establishments located at San Francisco International Airport were also excluded from the analysis.
2. **Identifying formula retail:** Formula retailers were identified as retail establishments with 12 or more global corporate family members – i.e., branches and subsidiaries – as identified by D&B. D&B defines a branch as “a secondary location of a business. . . It will have the same legal business name as its headquarters, although branches frequently operate under a different trade [name].” A subsidiary is defined as “a corporation that is more than 50 percent owned by another corporation.”¹²²

¹¹⁹ NAICS is the standard code system used by federal statistical agencies for classifying business establishments.

¹²⁰ As stated in Section 303(i)(2) of the Planning Code, the following uses (as defined in Article 7 and Article 8 of the Planning Code) are subject to the definition of formula retail: “Bar,” “Drive-up Facility,” “Eating and Drinking Use,” “Liquor Store,” “Sales and Service, Other Retail,” “Restaurant,” “Limited-Restaurant,” “Take-Out Food,” “Sales and Service, Retail,” “Service, Financial,” “Movie Theater,” and “Amusement and Game Arcade.” In addition, in the Taraval Street Neighborhood Commercial District (NCD), Noriega Street NCD, and Irving Street NCD, “Trade Shops” are also subject to the formula retail controls. Trade shops are defined in Section 790.124 as “a retail use which provides custom crafted goods and/or services for sale directly to the consumer, reserving some storefront space for display and retail service for the goods being produced on site...” including repair of personal apparel, accessories, household goods, appliances, and furniture; upholstery services; carpentry; building, electrical, painting, roofing, furnace or pest control contractors; printing of a minor processing nature; tailoring; and other artisan craft uses, including fine arts uses.

¹²¹ Trade shops (in the Taraval, Noriega, and Irving Street NCDs), movie theaters, and arcades were also initially included in the definition of “retail,” as these uses are subject to the definition of formula retail in the Planning Code. However, the analysis identified no trade shops (in the relevant NCDs) or arcades that could be considered formula retail, and the number of movie theaters in the database was too small (fewer than 20) to draw any meaningful conclusions. Therefore, these uses have been excluded from the analysis.

¹²² Dun & Bradstreet, “Glossary of D&B Terms,” <https://www.dnb.com/product/birgloss.htm>.

Businesses with fewer than 12 corporate family members, including businesses with a single location, were categorized as “independent” retail establishments.

3. **Limited data cleaning:** The dataset was too large to permit verification of all records. Strategic Economics conducted a limited assessment of the data, focusing on specific business types (movie theaters, coffee shops, pet stores, banks, grocery stores, pharmacies, and wholesale establishments¹²³). This process involved searching for known formula and independent retail establishments, as identified using Internet store locators, Yelp, and other websites, in order to verify the NAICS code, number of branches, and locations of establishments. Following this assessment, Strategic Economics made limited corrections to the data, including changing inaccurate NAICS codes (for example, re-categorizing retail grocery stores with wholesale NAICS codes) and reclassifying businesses that were incorrectly identified as either formula or independent based on the number of corporate family members listed in the D&B database. In order to maintain consistency across the dataset, Strategic Economics did not add establishments that were missing from the data or remove closed establishments, businesses with incorrect addresses, or duplicate locations.

Interpreting the Analysis

In general, the analysis is limited by the information available in the D&B dataset and the quality of the data, which has not been independently verified. The data shown throughout this report have been aggregated in order to ensure that the results are robust.¹²⁴ Nevertheless, the results should be interpreted with the understanding that the analysis has some limitations, including the following:

- **The methodology used to identify formula retail does not exactly match the City’s definition of formula retail.** Strategic Economics used the industry codes¹²⁵ that D&B provides for each establishment in the dataset to identify types of businesses that would most likely be subject to the definition of formula retail in the Planning Code. These codes approximate, but do not exactly correspond to, the specific retail uses subject to the definition of formula retail under the Planning Code. In addition, the analysis relied on the number of global corporate family members (including chains and subsidiaries) as a proxy for formula status, the only such indicator available. In contrast, the definition of formula retail in the Planning Code only includes establishments located in the United States and is based on standardized branding, signage, and other aesthetic factors, irrespective of ownership.
- **The data are static.** All results are from D&B’s 2012 dataset. Although the City has purchased D&B data going back to 2004 for other purposes, the number of global corporate family members – the data field that served as the basis for identifying formula retail establishments – is not available in most previous years.
- **Data on individual businesses (including industry, number of employees, and square footage) are largely self-reported and/or modeled by D&B, and have not been independently verified.** In addition, some types of data (e.g., annual sales, year opened) are only available for a limited number of businesses in the dataset; this analysis only used variables for which data were available for most establishments.
- **Not all businesses are included in the dataset, and businesses that close or relocate may not be removed.** Although the D&B is commonly considered the best commercial source of business data, the dataset is missing some businesses and includes others that are closed or have relocated, as well as some duplicate locations.

¹²³ A number of retail establishments were miscategorized as Wholesale Trade (NAICS code 42).

¹²⁴ For example, findings based on fewer than 20 establishments were considered unreliable and are not shown.

¹²⁵ The North American Industry Classification System (NAICS) is the standard code system used by federal statistical agencies for classifying business establishments.

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Figure A-1. North American Industry Classification System Codes Included in Definition of Retail, by Use Type

NAICS Code	Description	Use Type
441310	Automotive Parts & Accessories Stores	Stores
442110	Furniture Stores	Stores
442210	Floor Covering Stores	Stores
442291	Window Treatment Stores	Stores
442299	All Other Home Furnishings Stores	Stores
443111	Household Appliance Stores	Stores
443112	Radio, Television, & Other Electronics Stores	Stores
443120	Computer & Software Stores	Stores
443130	Camera & Photographic Supplies Stores	Stores
444110	Home Centers	Stores
444120	Paint & Wallpaper Stores	Stores
444130	Hardware Stores	Stores
444190	Other Building Material Dealers	Stores
444210	Outdoor Power Equipment Stores	Stores
444220	Nursery, Garden Center, & Farm Supply Stores	Stores
445110	Supermarkets & Other Grocery (except Convenience) Stores	Stores
445120	Convenience Stores	Stores
445210	Meat Markets	Stores
445220	Fish & Seafood Markets	Stores
445230	Fruit & Vegetable Markets	Stores
445291	Baked Goods Stores	Stores
445292	Confectionery & Nut Stores	Stores
445299	All Other Specialty Food Stores	Stores
445310	Beer, Wine, & Liquor Stores	Stores
446110	Pharmacies & Drug Stores	Stores
446120	Cosmetics, Beauty Supplies, & Perfume Stores	Stores
446130	Optical Goods Stores	Stores
446191	Food (Health) Supplement Stores	Stores
446199	All Other Health & Personal Care Stores	Stores
448110	Men's Clothing Stores	Stores
448120	Women's Clothing Stores	Stores
448130	Children's & Infants' Clothing Stores	Stores
448140	Family Clothing Stores	Stores
448150	Clothing Accessories Stores	Stores
448190	Other Clothing Stores	Stores
448210	Shoe Stores	Stores
448310	Jewelry Stores	Stores
448320	Luggage & Leather Goods Stores	Stores
451110	Sporting Goods Stores	Stores
451120	Hobby, Toy, & Game Stores	Stores
451130	Sewing, Needlework, & Piece Goods Stores	Stores
451140	Musical Instrument & Supplies Stores	Stores
451211	Book Stores	Stores
451212	News Dealers & Newsstands	Stores
451220	Prerecorded Tape, Compact Disc, & Record Stores	Stores
452111	Department Stores (except Discount Department Stores)	Stores
452112	Discount Department Stores	Stores
452910	Warehouse Clubs & Supercenters	Stores
452990	All Other General Merchandise Stores	Stores
453110	Florists	Stores
453210	Office Supplies & Stationery Stores	Stores
453220	Gift, Novelty, & Souvenir Stores	Stores
453310	Used Merchandise Stores	Stores
453910	Pet & Pet Supplies Stores	Stores
453920	Art Dealers	Stores

NAICS Code	Description	Use Type
453930	Manufactured (Mobile) Home Dealers	Stores
453991	Tobacco Stores	Stores
453998	All Other Miscellaneous Store Retailers (except Tobacco Stores)	Stores
512131	Motion Picture Theaters (except Drive-Ins)	Movie Theaters and Arcades (a)
512132	Drive-In Motion Picture Theaters	Movie Theaters and Arcades (a)
722110	Full-Service Restaurants	Restaurants, Bars, Cafes
722211	Limited-Service Restaurants	Restaurants, Bars, Cafes
722212	Cafeterias	Restaurants, Bars, Cafes
722213	Snack & Nonalcoholic Beverage Bars	Restaurants, Bars, Cafes
722330	Mobile Food Services	Restaurants, Bars, Cafes
722410	Drinking Places (Alcoholic Beverages)	Restaurants, Bars, Cafes
323114	Quick Printing	Retail Services
812310	Coin-Operated Laundries & Drycleaners	Retail Services
812320	Drycleaning & Laundry Services (except Coin-Operated)	Retail Services
812910	Pet Care (except Veterinary) Services	Retail Services
812921	Photofinishing Laboratories (except One-Hour)	Retail Services
238350	Finish Carpentry Contractors	Trade Shops (a)
323110	Commercial Lithographic Printing	Trade Shops (a)
323111	Commercial Gravure Printing	Trade Shops (a)
323113	Commercial Screen Printing	Trade Shops (a)
323116	Manifold Business Forms Printing	Trade Shops (a)
323117	Books Printing	Trade Shops (a)
323118	Blankbook, Looseleaf Binders, & Devices Manufacturing	Trade Shops (a)
323119	Other Commercial Printing	Trade Shops (a)
323121	Tradebinding & Related Work	Trade Shops (a)
323122	Prepress Services	Trade Shops (a)
811411	Home & Garden Equipment Repair & Maintenance	Trade Shops (a)
811412	Appliance Repair & Maintenance	Trade Shops (a)
811420	Reupholstery & Furniture Repair	Trade Shops (a)
811430	Footwear & Leather Goods Repair	Trade Shops (a)
811490	Other Personal & Household Goods Repair & Maintenance	Trade Shops (a)
522110	Commercial Banking	Banks, Credit Unions, Savings & Loans
522120	Savings Institutions	Banks, Credit Unions, Savings & Loans
522130	Credit Unions	Banks, Credit Unions, Savings & Loans
713120	Amusement Arcades	Movie Theaters and Arcades (a)

(a) Trade shops (in the Taraval, Noriega, and Irving Street NCDs), movie theaters, and arcades were also initially included in the definition of "retail," as these uses are subject to the definition of formula retail in the Planning Code. However, the analysis identified no trade shops (in the relevant NCDs) or arcades that could be considered formula retail, and the number of movie theaters in the database was too small (fewer than 20) to draw any meaningful conclusions. Therefore, these uses have been excluded from the analysis.

Acronyms:

NAICS: North American Industry Classification System
Source: Strategic Economics, 2014.

APPENDIX B. SAN FRANCISCO'S USE SIZE CONTROLS

The following tables provide information on the use size limitations in San Francisco's neighborhood commercial districts (Figure B-1) and other commercial districts (Figure B-2), and on the City's conditional use requirements for large-scale retail (Figure B-3).

Figure B-1. Article 7 Zoning Districts – Use Size Limitations

Zoning District	Use Size Limit (a)
North Beach NCD	2,000 square feet Nonresidential uses over 4,000sqft not permitted, except for Movie Theater
Castro Street NCD	2,000 square feet Nonresidential uses over 4,000sqft not permitted, except certain Large Institutions as defined in Sec. 715.21.
Pacific Avenue NCD	2,000 square feet
Inner Clement Street NCD	
Inner Sunset NCD	
Outer Clement Street NCD	
Upper Fillmore Street NCD	
Haight Street NCD	
Polk Street NCD	2,500 square feet
Sacramento Street NCD	
Union Street NCD	
24 th Street-Mission NCT	
24 th Street-Noe Valley NCD	
West Portal Avenue NCD	2,500 square feet Nonresidential uses over 4,000sqft not permitted
NC-1, NCT-1	
Broadway	
Hayes-Gough NCT	
Upper Market Street NCD	3,000 square feet
Upper Market Street NCT	
Valencia Street NCD	
NC-2, NCT-2	
SoMa NCT	
Ocean Avenue NCT	
Glen Park NCT	
Folsom Street NCD	3,500 square feet
Noriega Street NCD	
Taraval Street NCD	
Judah Street NCD	
Irving Street NCD	
NC-3, NCT-3, Mission Street	
NC-S	6,000 square feet
Excelsior-Outer Mission NCD	

(a) Use size indicated is principally permitted. Use sizes greater than those indicated require a Conditional Use authorization from the Planning Commission unless otherwise prohibited.
Source: San Francisco Planning Code, Section 121.2.

Figure B-2. Article 8 Zoning Districts – Use Size

Zoning District (Planning Code Section)	Use Size Restrictions (Square Feet)
Chinatown Visitor Retail (811.1)	P up to 2500 C for 2501-5000 Restaurants up to 5000 P
Chinatown Residential NCD (812.1)	P up to 2500 C 2501 – 4000
RED (813)	No retail
South Park (814)	Retail up to 5000/lot C for 5000 bar or liquor store
SLR (816)	No use size limitations
SLI (817)	Financial services up to 4000 and other criteria
Rincon Hill Res MU (827)	P up to 25,000 C Above No individual ground floor tenant may occupy more than 75' of frontage for a depth of 25' on Folsom Street
South Beach Downtown Res (829)	P up to 25,000 C Above
MUG (840)	All Retail: P up to 25,000/lot; Above 25,000 permitted if the ratio of other permitted uses to retail is at least 3:1 Formula Retail: C subject to use size of retail
MUR (841)	Formula Retail permitted, no use size restrictions
MUO (842)	All Retail: P up to 25,000/lot
UMU (843)	All Retail: P up to 25,000/lot; above 25,000/lot permitted if ratio of other permitted uses to retail is at least 3:1. P up to 3999 per use, C over 4000 per use
WMUG (844)	P up to 10,000/lot; Above not permitted; C for Formula Retail
WMUO (845)	P up to 10,000/lot; C up to 25,000; above not permitted Formula Retail: C up to 25,000; not permitted above
SALI (846)	Retail: P up to 10,000/lot; C up to 25,000; above not permitted Formula Retail: C up to 25,000/lot; above not permitted
Red-MX (847)	Retail and Formula Retail not permitted – except with C in a Historic Building; Limited Restaurants and Restaurants are P up to 1250/lot area, C above and not permitted if in excess of 1 FAR;

Acronyms:

P = Principally Permitted

C = Conditional Use Authorization required

FAR = Floor Area Ratio

Source: San Francisco Planning Code, Article 8.

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Figure B-3. Large Scale Retail Use Conditional Use Requirements

Single Retail Use Size	Conditional Use Requirements
Over 50,000 gsf	Requires Conditional Use authorization in all but the C-3 Zoning District
Over 90,000 gsf	Requires Conditional Use authorization in C-3 Zoning District, unless already prohibited
Over 120,000 gsf	Prohibited in all but the C-3 Zoning District
Over 120,000 gsf AND sells groceries, contains more than 20,000 Stockpiling Units (SKUs); and devotes more than 5% of its total sales floor area to the sale of non-taxable merchandise	Prohibited in all Zoning Districts

Acronyms:

Gsf = Gross Square Feet

Source: San Francisco Planning Code, Section 121.6.

APPENDIX C: DEFINITIONS OF LAND USES INCLUDED IN SUPERVISOR ERIC MAR'S PROPOSED LEGISLATION

An ordinance proposed by Supervisor Eric Mar would, among other changes, add the following land uses to the definition of formula retail in the San Francisco Planning Code.

Figure C-1. Land Uses Included in Supervisor Eric Mar's Proposed Legislation: Definitions

Land Use	Definition (Excerpted from San Francisco Planning Code)
Ambulance Service	A retail use which provides medically related transportation services.
Animal Hospital	A retail use which provides medical care and accessory boarding services for animals, not including a commercial kennel....
Automobile Parking	A use which provides temporary parking accommodations for private vehicles whether conducted within a garage or on an open lot, excluding accessory parking...and community residential parking....
Automobile Sale or Rental	A retail use which provides vehicle sales or rentals whether conducted within a building or on an open lot.
Automotive Gas Station	A retail automotive service use which provides motor fuels, lubricating oils, air, and water directly into motor vehicles and without providing automotive repair services, including self-service operations which sell motor fuel only.
Automotive Service Station and Automotive Repair	Service Station: A retail automotive service use which provides motor fuels and lubricating oils directly into motor vehicles and minor auto repairs; Repair: A retail automotive service use which provides any of the following automotive repair services when conducted within an enclosed building having no openings....
Automotive Wash	A retail automotive service use which provides cleaning and polishing of motor vehicles....
Entertainment, Adult	A retail use which includes the following: adult bookstore...adult theater...and encounter studio....
Entertainment, Other	A retail use, other than adult entertainment...which provides live entertainment, including dramatic and musical performances, and/or provides amplified taped music for dancing on the premises, including but not limited to Places of Entertainment and Limited Live Performance Locales, as defined in Section 1060 of the Police Code, and which is adequately soundproofed or insulated so as to confine incidental noise to the premises. Other entertainment also includes a bowling alley, billiard parlor, shooting gallery, skating rink and other commercial recreational activity, but it excludes amusement game arcades, as defined in Section 790.4 of [the Planning] Code and regulated in Section 1036 of the Police Code.
Gift Store Tourist Oriented	A retail use which involves the marketing of small art goods, gifts, souvenirs, curios, novelties to the public, particularly those who are visitors to San Francisco rather than local residents.
Hotel, Tourist	A retail use which provides tourist accommodations, including guest rooms or suites, which are intended or designed to be used, rented, or hired out to guests (transient visitors) intending to occupy the room for less than 32 consecutive days.
Jewelry Store	A retail use which primarily involves the sale of jewelry to the general public.
Large-Scale Urban Agriculture	The use of land for the production of food or horticultural crops to be harvested, sold, or donated that occur: (1) on a plot of land 1 acre or larger or (2) on smaller parcels that cannot meet the physical and operational standards for Neighborhood Agriculture.
Light Manufacturing, Wholesale Sales	Light Manufacturing: A nonretail use which provides for the fabrication or production of goods, by hand or machinery, for distribution to retailers or wholesalers for resale off the premises, primarily involving the assembly, packaging, repairing, or processing of previously prepared materials.... Wholesale Sales: A nonretail use which exclusively provides goods or commodities for resale or business use, including accessory storage....

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Land Use	Definition (Excerpted from San Francisco Planning Code)
Neighborhood Agriculture	A use that occupies less than 1 acre for the production of food or horticultural crops to be harvested, sold, or donated and comply with the controls and standards herein. The use includes, but is not limited to, home, kitchen, and roof gardens. Farms that qualify as Neighborhood Agricultural use may include, but are not limited to, community gardens, community-supported agriculture, market gardens, and private farms.
Service Limited, Financial	A retail use which provides banking services, when not occupying more than 15 feet of linear frontage or 200 square feet of gross floor area.
Service, Personal and Massage Establishment	Personal Service: A retail use which provides grooming services to the individual, including salons, cosmetic services, tattoo parlors, and health spas, or instructional services not certified by the State Educational Agency, such as art, dance, exercise, martial arts, and music classes. Massage Establishment: Massage establishments are defined by Section 1900 of the San Francisco Health Code. The massage establishment shall first obtain a permit from the Department of Public Health pursuant to Section 1908 of the San Francisco Health Code. Massage establishments shall generally be subject to Conditional Use authorization.
Storage	A retail use which stores within an enclosed building household goods or goods and materials used by other businesses at other locations, but which does not store junk, waste, salvaged materials, automobiles, inflammable or highly combustible materials, or wholesale goods or commodities. It shall include self-storage facilities for household goods.
Tobacco Paraphernalia Establishments	Retail uses where Tobacco Paraphernalia is sold, distributed, delivered, furnished or marketed from one person to another.
Trade Shop	A retail use which provides custom crafted goods and/or services for sale directly to the consumer, reserving some storefront space for display and retail service for the goods being produced on site....

Source: San Francisco Planning Code, Sections 790 and 890, February 2014.

APPENDIX D. DEMOGRAPHIC AND ECONOMIC ANALYSIS

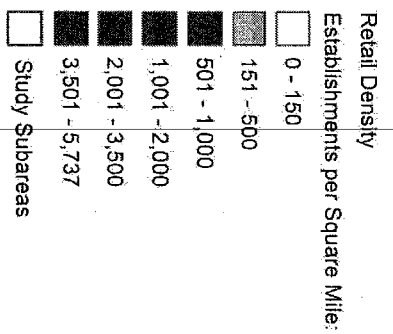
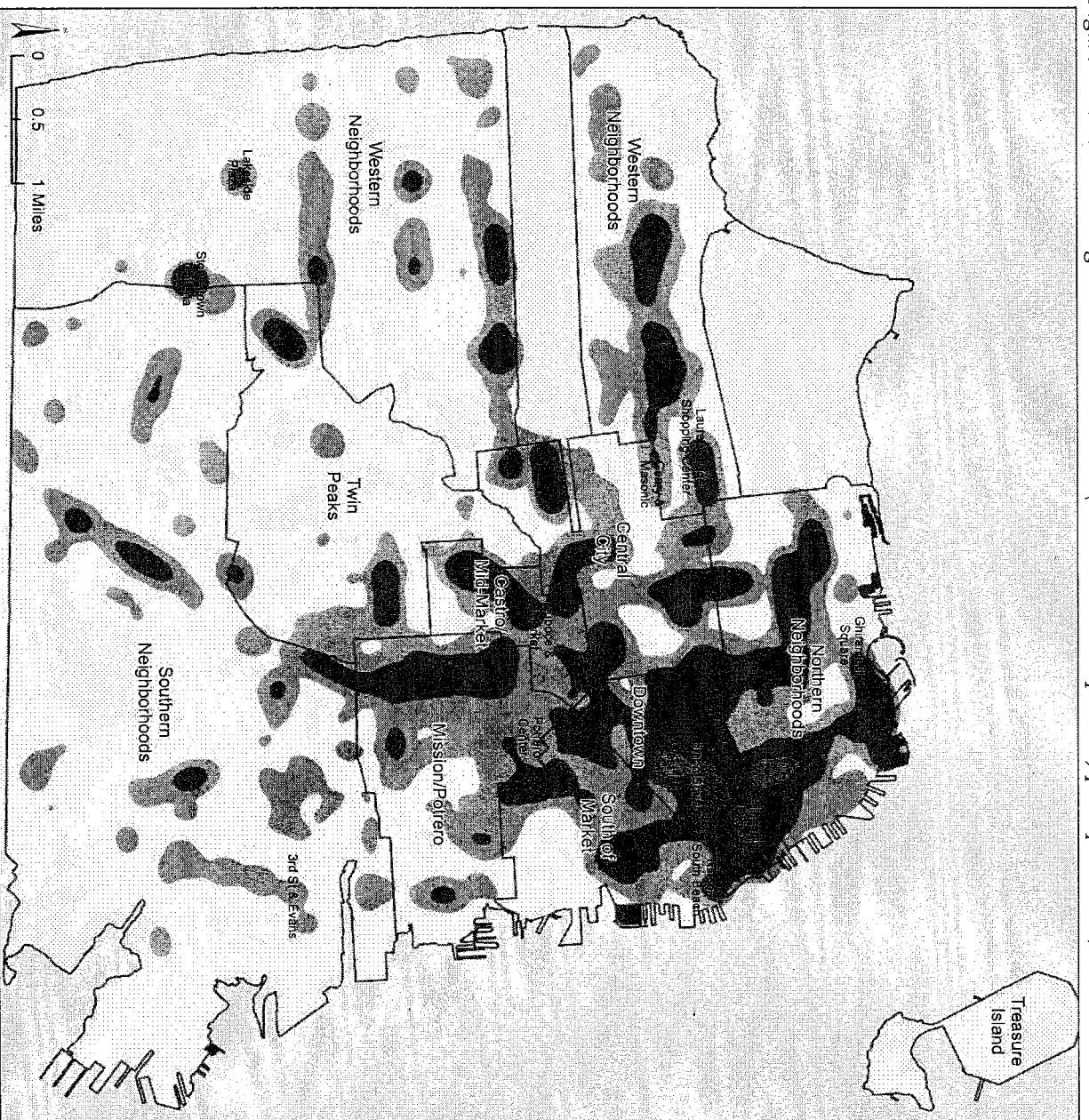
This appendix provides the following additional maps and tables created as part of the subarea analysis:

- Map of total existing retail establishments (formula and independent) per square mile (Figure D-1)
- Map of total existing formula retail establishments per square mile (Figure D-2)
- Map of population density by Census Tract (Figure D-3)
- Table summarizing population and household density by geographic subarea (Figure D-4)
- Map of employment density by Census Block (Figure D-5)
- Table summarizing employment density by geographic subarea (Figure D-6)
- Map of average household income by Census Tract (Figure D-7)¹²⁶
- Map of households earning less than \$20,000 a year by Census Tract (Figure D-8)
- Table summarizing household incomes by geographic subarea (Figure D-9)
- Hotels and motels by subarea (Figure D-10)

Note that in the map of average household income (Figure D-5), darker colors indicate higher-income areas; in the map of households earning less than \$20,000 a year (Figure D-6), darker colors indicate higher concentrations of low-income households.

¹²⁶ Average (mean) household income rather than median household income was used for this analysis because the former indicator more closely represents residents' buying power.

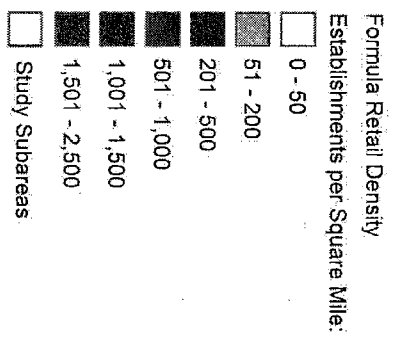
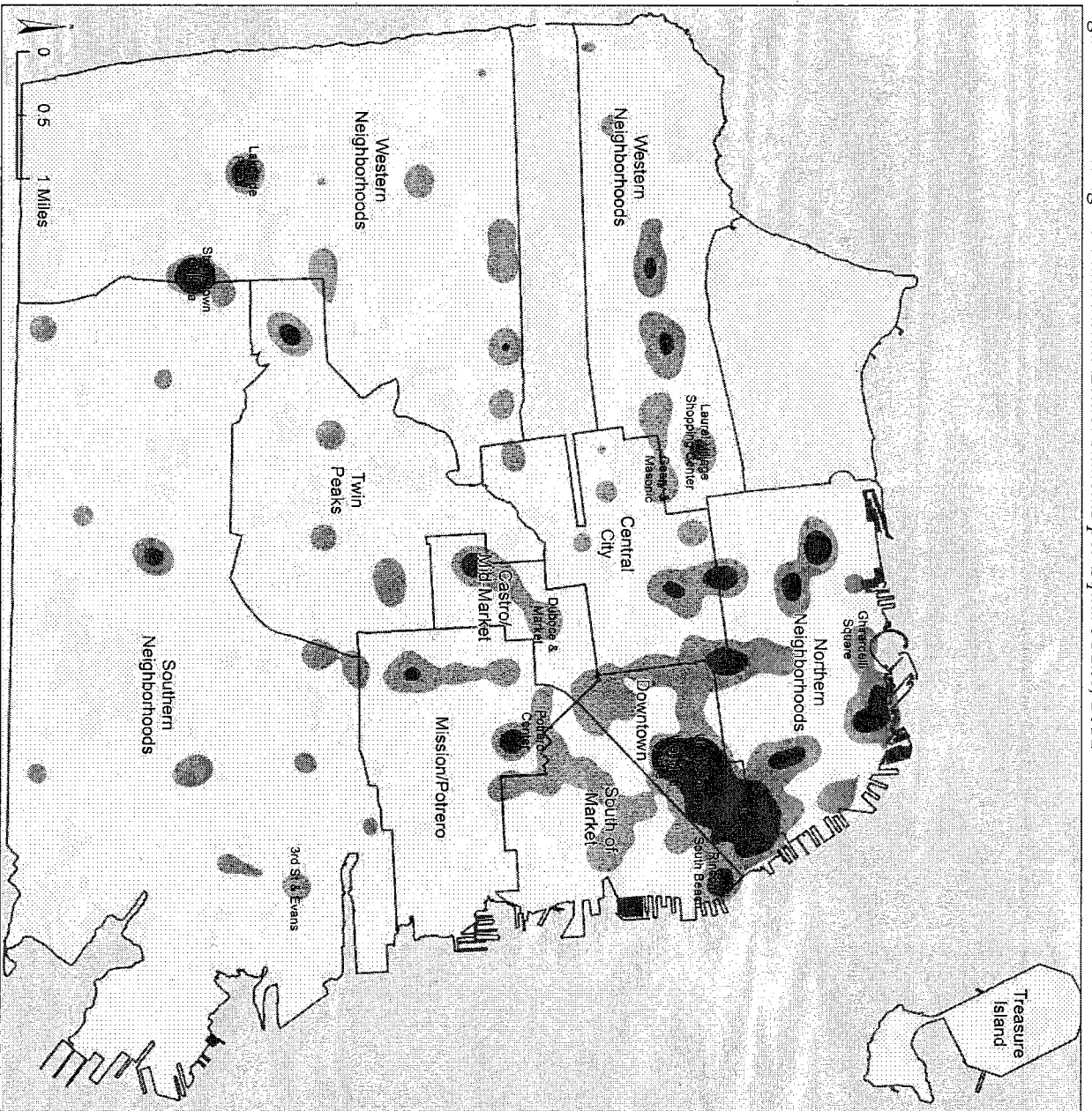
Figure D-1. Total Existing Retail Establishments (Formula and Independent) per Square Mile, 2012



Based on Dun & Bradstreet business data that have not been independently verified; all numbers are approximate.

Strategic Economics, 2014;
Data: Dun & Bradstreet, 2012,
City and County of San
Francisco, 2013.

Figure D-2. Existing Formula Retail Establishments per Square Mile, 2012



Based on Dun & Bradstreet business data that have not been independently verified; all numbers are approximate.

Strategic Economics, 2014;
Data: Dun & Bradstreet, 2012.
City and County of San Francisco, 2013.

Figure D-3. Population Density by Census Tract, 2012



Strategic Economics, 2014;
Data US Census Bureau, American
Community Survey 2008-2012,
City and County of San
Francisco, 2013.

Figure D-4. Average Population and Household Density by Subarea, 2012

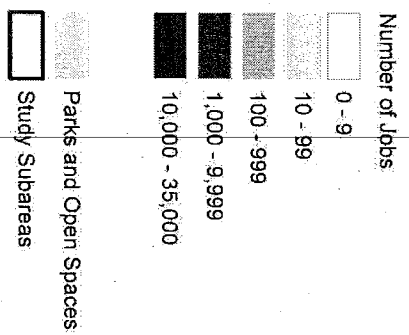
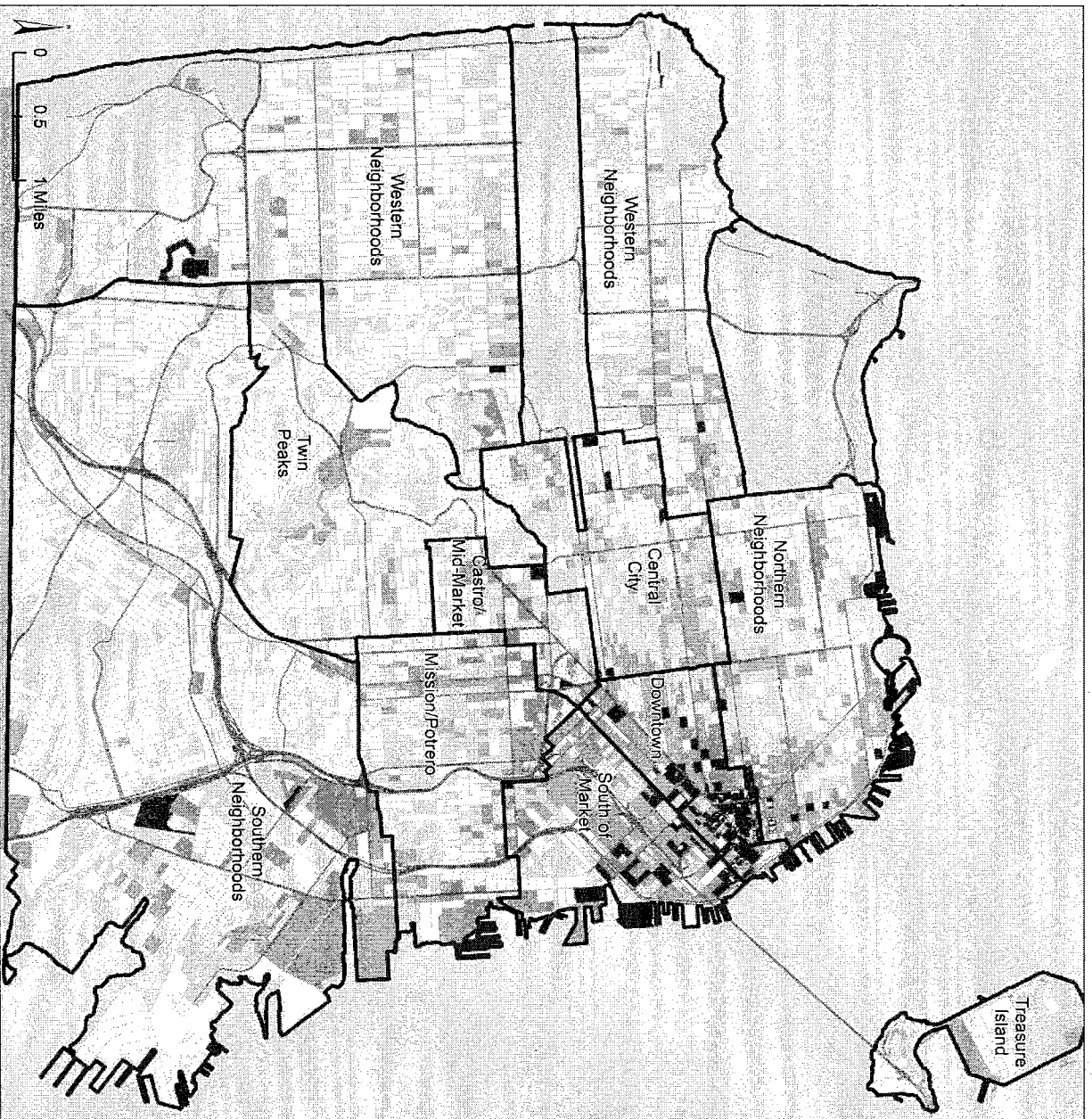
Subareas	Population	Percent of Total		Households	Percent of Total		Acres (a)	Population	Household
		Population	Households		Households	Acres (a)		Density (Persons per Acre)	Density (Households per Acre)
Castro/Mid-Market	31,313	4%	15,975	5%	655	48	24		
Central City	70,162	9%	34,983	10%	1,436	49	24		
Downtown	41,009	5%	24,536	7%	606	68	40		
Mission/Potrero	56,381	7%	22,583	7%	1,740	32	13		
Northern Neighborhoods	106,816	13%	58,881	17%	2,185	49	27		
South of Market	30,026	4%	15,579	5%	1,343	22	12		
Southern Neighborhoods	199,097	25%	58,761	17%	8,055	25	7		
Twin Peaks	58,680	7%	27,235	8%	2,465	24	11		
Western Neighborhoods	184,950	23%	71,077	21%	5,543	33	13		
Treasure Island (b)	22,692	3%	8,200	2%	1,475	15	6		
Total	801,126	100%	337,810	100%	25,504	31.4	13.2		

(a) Excluding major open spaces and parks.

(b) Not included in subarea analysis.

Source: U.S. Census Bureau, 2008-2012 American Community Survey; Strategic Economics, 2014.

Figure D-5. Employment Density by Census Block, 2012



Strategic Economics, 2014;
Data: US Census Bureau, Longitudinal
Employer Household Dynamics, 2011;
City and County of San
Francisco, 2013.

Figure D-6. Employment Density by Subarea, 2012

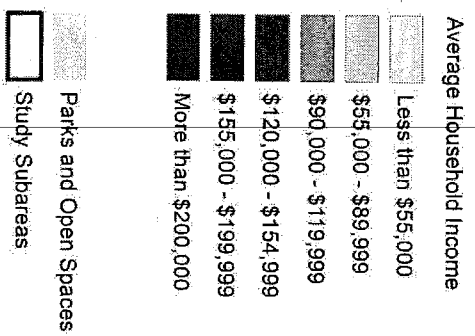
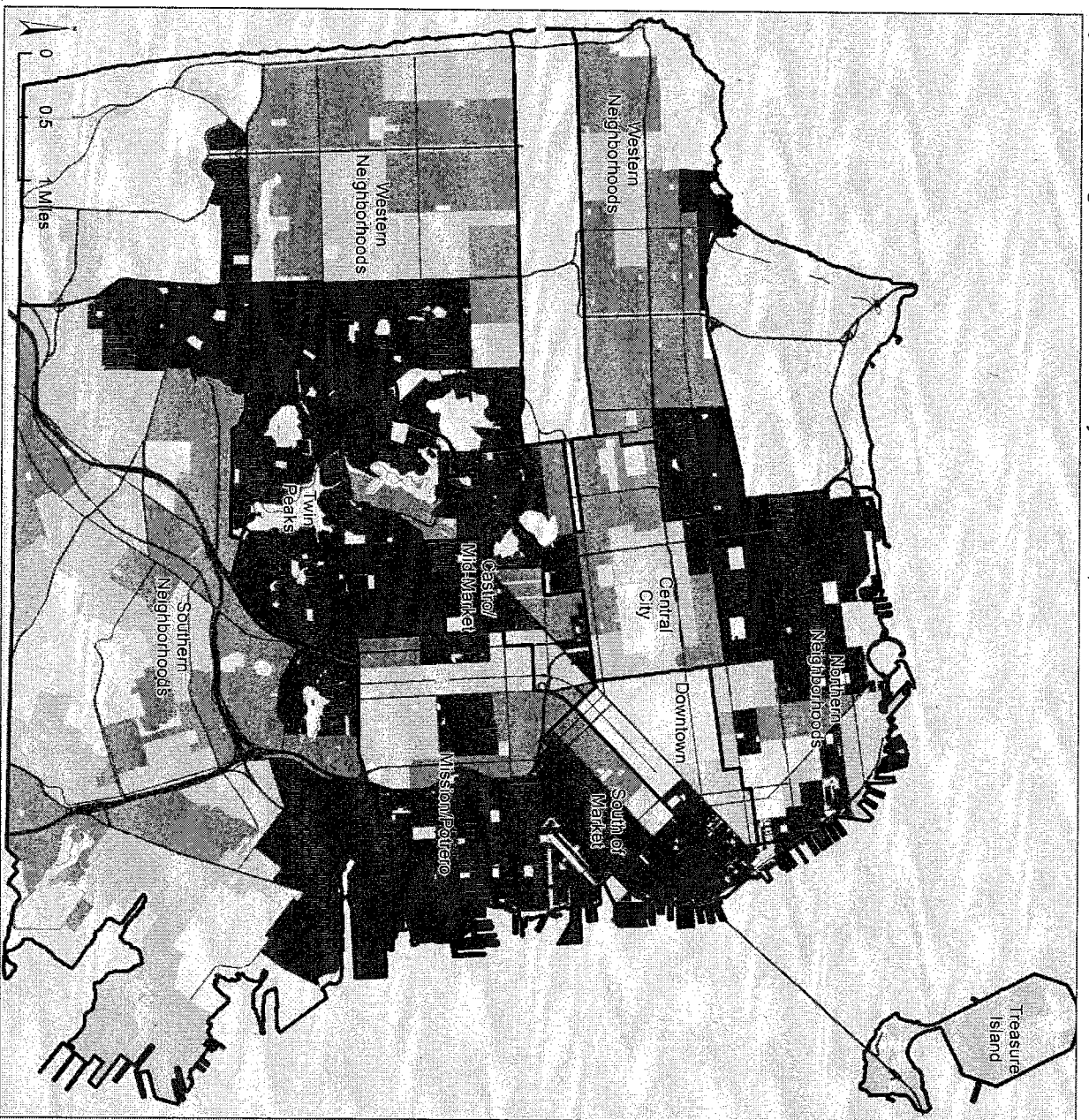
Subarea	Jobs	% of Total Employment	Acres (a)	Employment Density
				(Jobs per Acre)
Castro/Mid-Market	44,669	8%	655	68
Central City	47,934	8%	1,436	33
Downtown	194,443	33%	606	321
Mission/Potrero	28,698	5%	1,740	16
Northern Neighborhoods	86,531	15%	2,185	40
South of Market	71,516	12%	1,343	53
Southern Neighborhoods	38,992	7%	8,055	5
Twin Peaks	6,591	1%	2,465	3
Western Neighborhoods	61,109	10%	5,543	11
Treasure Island (b)	5,346	1%	1,475	4
Total	585,829	100%	25,504	23

(a) Excluding major open spaces and parks.

(b) Not included in subarea analysis.

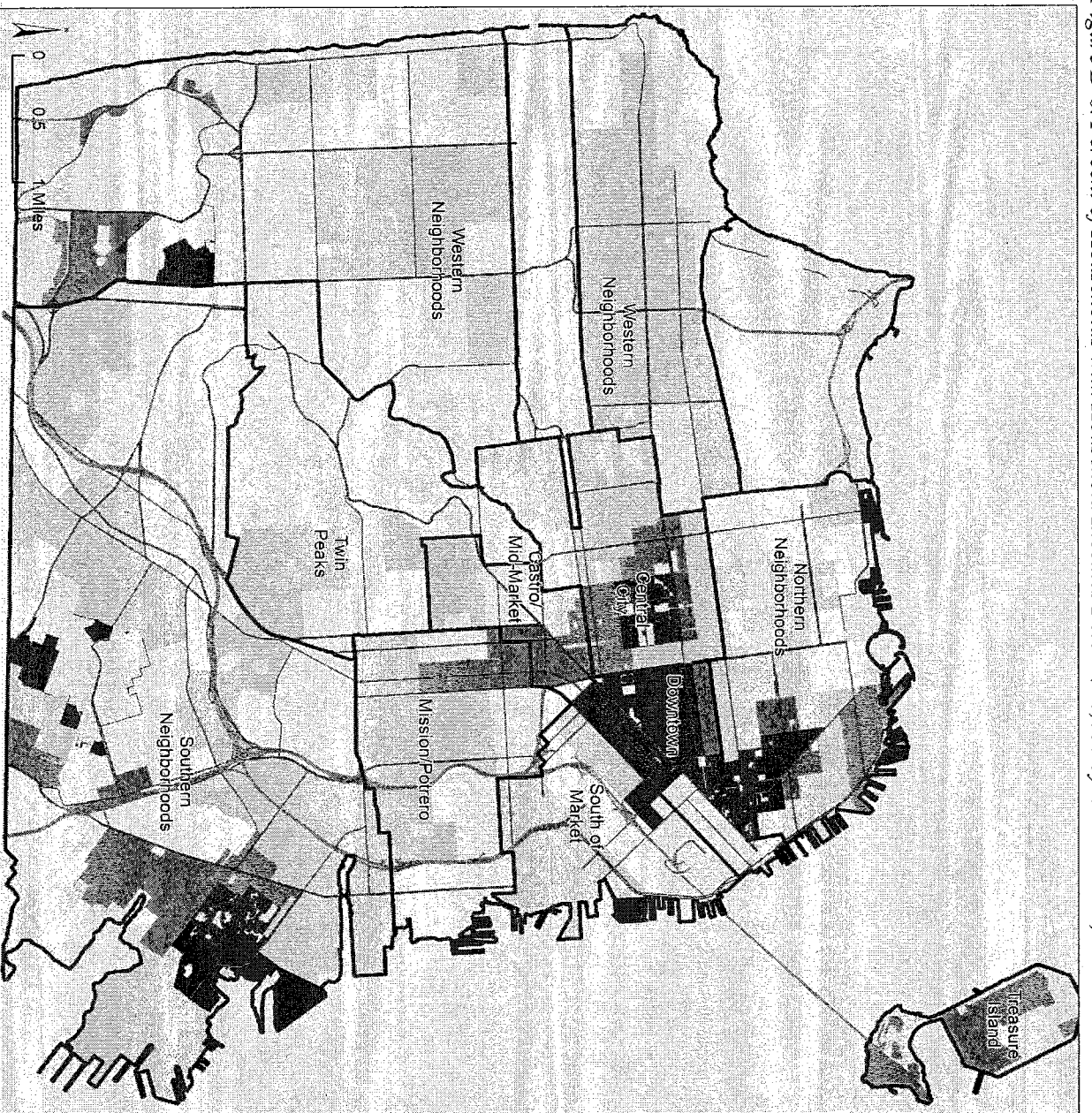
Source: U.S. Census Bureau, Longitudinal Employer-Household Dynamics Program, 2011; Strategic Economics, 2014.

Figure D-7. Average Household Income by Census Tract, 2012



Strategic Economics, 2014;
 Data: US Census Bureau, American
 Community Survey 2008-2012,
 City and County of San
 Francisco, 2013.

Figure D-8. Percent of Households with Household Incomes Below \$20,000 by Census Tract, 2012



Percent of Households with
Incomes Below \$20,000

- 0% - 9.9%
- 10% - 19.9%
- 20% - 34.9%
- 35% - 49.9%
- 50% - 70%

- Parks and Open Spaces
- Study Subareas

Strategic Economics, 2014;
Data: US Census Bureau, American
Community Survey 2008-2012;
City and County of San
Francisco, 2013.

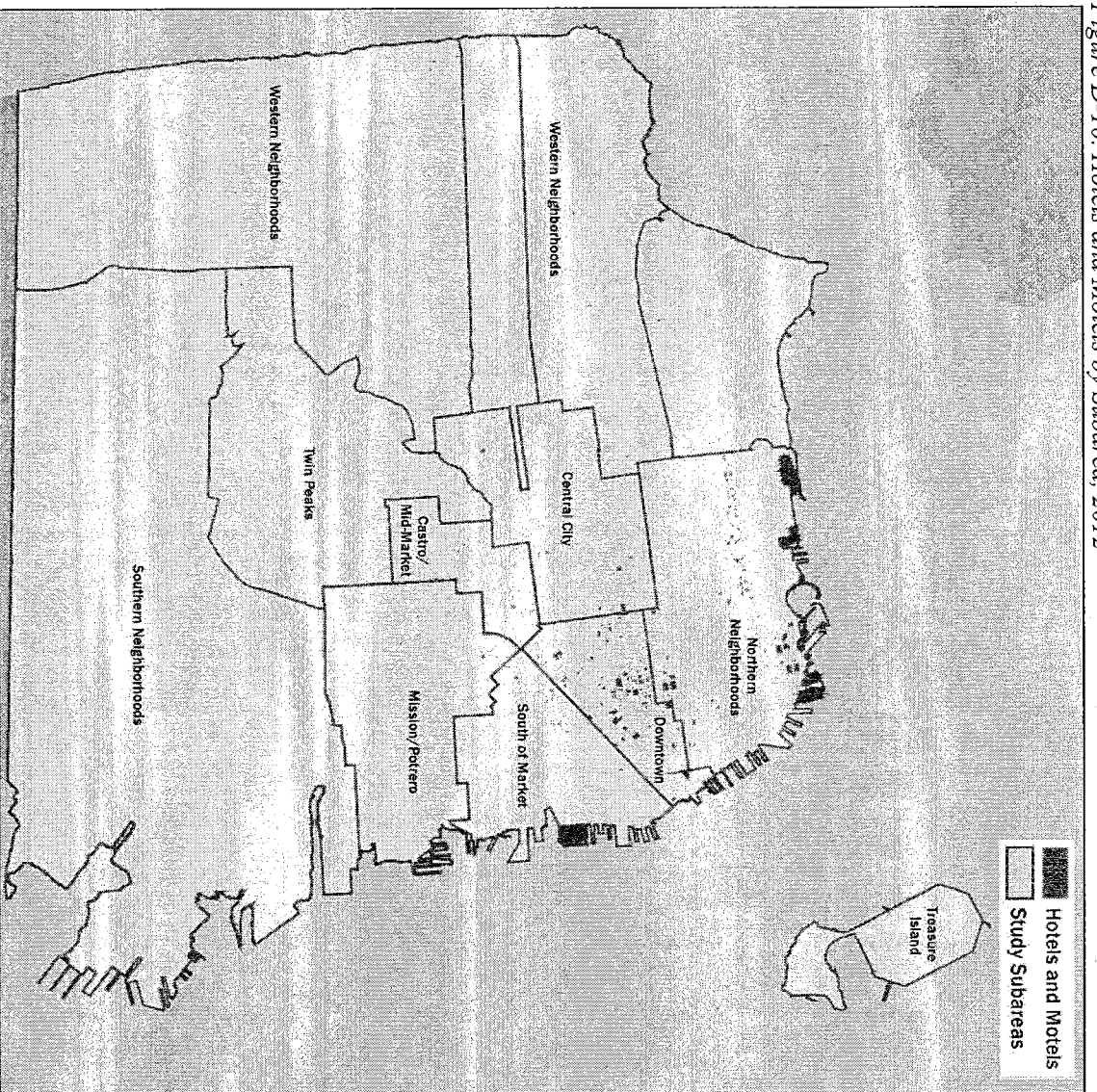
Figure D-9. Household Incomes by Subarea, 2012

Subarea	Total Households	Percent of Households in Income Bracket						Average Household Income
		Less than \$20K	\$20K - \$39.9K	\$40K - \$59.9K	\$60K - \$99.9K	\$100K - \$199.9K	More than \$200K	
Castro/Mid-Market	15,975	17%	14%	12%	18%	26%	14%	\$110,208
Central City	34,983	20%	13%	12%	19%	25%	11%	\$99,307
Downtown	24,536	46%	22%	11%	11%	8%	2%	\$40,221
Mission/Potrero	22,583	11%	14%	13%	18%	27%	17%	\$117,086
Northern Neighborhoods	58,881	18%	13%	10%	17%	26%	16%	\$124,152
South of Market	15,579	18%	9%	10%	13%	28%	22%	\$139,886
Southern Neighborhoods	58,761	13%	16%	14%	22%	26%	9%	\$92,449
Twin Peaks	27,235	8%	9%	10%	18%	31%	25%	\$145,412
Western Neighborhoods	71,077	13%	13%	13%	22%	27%	12%	\$107,416
Treasure Island (a)	10,568	13%	17%	12%	22%	24%	13%	\$114,167
Total	340,178	17%	14%	12%	19%	25%	13%	\$107,559

(a) Not included in subarea analysis.

Source: U.S. Census Bureau, Longitudinal Employer-Household Dynamics Program, 2011; Strategic Economics, 2014.

Figure D-10. Hotels and Motels by Subarea, 2012



Source: City and County of San Francisco, 2014.

APPENDIX E. FOCUS GROUP PARTICIPANTS AND INTERVIEWEES

At key points throughout the study, the analysis was presented to focus groups of stakeholders. Strategic Economics also interviewed several local stakeholders to supplement the comments provided at the focus group meetings. Figures E-1 and E-2 list participants from the focus groups held in January and March 2014. Figure E-3 lists additional stakeholders who were interviewed for the analysis.

Figure E-1. January Focus Group Participants

Name	Affiliation
DeeDee Workman	SF Chamber
Ben Lazzareschi	CBRE (Commercial Realtors)
Margo Schaub	Gap
Amy Cohen	OEWD
Jordan Klein	OEWD
Nick Pagoulatos	Supervisor Mar's Office
Vinny Eng	Tartine Bakery
Evette Davis	CVS/BergDavis Public Affairs
Roy Chan	CCDC
Tracy Everwine	Central Market CBD
Hut Landon	SF LOMA
Christin Evans	Haight Ashbury Merchant Group
President Fong	Planning Commission
Commissioner Borden	Planning Commission
Commissioner Moore	Planning Commission
Regina Dick-Endrizzi	Small Business Commission Staff
Pamela Mendelsohn	Colliers
Debbie Kartiganer	Safeway
Tom Rocca	7 Hills Development
Lesley Lionhardt	Union Street Merchants
Danny Yadegar	DTNA
Commissioner Dooley	Small Business Commission
Paul Wermer	Paul Wermer
Christian Murdock	Small Business Commission Staff
Ilene Dick	BOMA

Figure E-2. March Focus Group Participants

Name	Affiliation
Stephen Cornell	Brownies Hardware
John Todgya	B andB Pet Supplies
Daniel Bergerac	Castro Merchants FKA MUMC
Lesley Lionhardt	Union Street Merchants
Steven Currier	Outer Mission Merchants
Larry Corrande	HVNA
Danny Yadegar	DTNA - Duboce Triangle
Paul Wermer	Upper Fillmore
Ron Case	Lower Polk Neighbors
Jaqueline Flin	Bayview CAC
Evette Davis	Pharmacies - Berg Davis
Miriam Zouzounis	Arab Grocers
Chris Wright	SF Committee on Jobs
Debbie Kartingner	Safeway
Kim Winston	Starbucks
Lou Giraudo	Boudin Bakery
Ilene Dick	BOMA
Pam Mendolsohn	Colliers
Tom Rocco	7 Hills Development
Commissioner Dooley	Small Business Commissioner
Commissioner Borden	Planning Commissioner
Christian Murdock	Small Business Commission
Director Regina Dick-Endrizzi	Small Business Commission
Commissioner Monetta White	Small Business Commissioner
Jorge Rivas	MOEWD

Figure E-3. Additional Interviewees

Name	Affiliation
David Blatteis	Blatteis Realty Co., Inc.
David Fishbein	Runyon Group
David Heller	Greater Geary Merchants Association
Ben Lazzareschi	CBRE
Ross Portugeis	Colliers International
Thomas Reynolds	Fillmore Merchants Association
Julie Taylor	Cornish & Carey Commercial Newmark Knight Frank
Dan Weaver	Ocean Avenue Association
Chris Wright	Planning Association for the Richmond



SAN FRANCISCO PLANNING DEPARTMENT

Executive Summary Policy Discussion and Initiation of Planning Code Text Changes

HEARING DATE: MAY 22, 2014

Project Name: Formula Retail and Large Controls
Case Number: 2013.0936UT
Initiated by: Planning Department
Staff Contact: Kanishka Burns, Project Manager
kanishka.burns@sfgov.org, 415-575-9112
Reviewed by: AnMarie Rodgers, Senior Policy Advisor
anmarie.rodgers@sfgov.org, 415-558-6395
Recommendation: Initiation of Planning Code Text Changes

1650 Mission St.
Suite 400
San Francisco,
CA 94103-2479

Reception:
415.558.6378

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415.558.6409

Planning
Information:
415.558.6377

Proposed Policy Changes and Planning Code Amendments

The Way It Is Now:

Definition: The Planning Code includes an identical definition of "Formula Retail"¹ in three locations: Section 303(i)(1), 703.3, and 803.6(c). The definition of formula retail hinges on the following 2 characterizations:

1. **Number of Establishments:** The Planning Code defines a formula retail use as retail sales activity or retail sales establishment with 11 or more other retail sales establishments located in the United States, including leases held².
2. **Features:** A formula retail use maintains two or more of the following features:
 - a standardized array of merchandise,
 - a standardized façade,
 - a standardized décor and color scheme,
 - a uniform apparel,
 - standardized signage, a trademark or a servicemark.

¹ Formula Retail is defined in Section 703.3 of the Planning Code 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 standardize array of merchandise, a standardized façade, a standardized décor and color scheme, a uniform apparel, standardized signage, a trademark or a servicemark."

² On June 19, 2013, the Board of Appeals adopted findings related to Appeal No. 13-030 that set a precedent to consider lease agreements equivalent to brick and mortar store that should count towards the threshold for becoming a formula retailer. <http://www.sfgov3.org/Modules/ShowDocument.aspx?documentID=4949>

3. **Use Category.** In addition, the Planning Code adds the following uses to the definition of retail, for purposes of formula retail regulation. Section 303(i)(2) refines the definition of formula retail to include the following specific retail uses:
- Bars (defined in Section 790.22);
 - Drive-Up Facilities (Section 790.30);
 - Eating and Drinking Use, Take Out Food, Limited Restaurants, and Restaurants (Sections 790.34, 790.122, 790.90 and 790.91);
 - Liquor Stores (Section 790.55);
 - Sales and Service, Retail (Section 790.104);
 - Financial Service (Section 790.110);
 - Movie Theatre, Amusement & Game Arcade (Sections 790.64 and 790.4), and
 - Trade Shop (Section 790.14)³

The formula retail controls described in Articles 7 and 8 refer to Section 303(i)(2) for the above listed uses. The exception to this list is "Trade Shop", a use defined in Section 790.124, which is only subject to the formula retail controls when proposed in the Taraval Street NCD, Noriega Street NCD and the Irving Street NCD.⁴

Zoning Districts that Control Formula Retail. Retail uses that fall into the category of formula retail, as described above, may be permitted, prohibited, or may require Conditional Use authorization, depending on the zoning district in which the use is proposed. In addition, there are specific controls or combinations of controls that apply only in certain districts.

Controls for formula retail uses are summarized in Figure 1 and Table 1, which show that formula retail uses typically require Conditional Use authorization in NC districts, are generally not permitted in residential districts⁵ and are permitted in downtown and South of Market industrial districts. Formula retail is subject to the same controls as all commercial uses in residential zoning districts.

Within a number of zoning districts, however, formula retail controls are further refined and differ from the basic uses and controls that apply to formula retail, as shown in the "Specific Restrictions" column of Table 1. These controls have typically been added in response to concern regarding over-concentration of certain uses, perceived threats to independent business and the related threat of neighborhood homogenization, or the impacts to neighborhood character caused

³ Trade Shops are only defined as Formula Retail uses in Taraval Street NCD, Noriega Street NCD and Irving Street NCD.

⁴ Section 790.124 defines Trade Shop as: "A retail use which provides custom crafted goods and/or services for sale directly to the consumer, reserving some storefront space for display and retail service for the goods being produced on site..." includes: repair or personal apparel, accessories, household goods, appliances, furniture and similar items, but excluding repair of motor vehicles and structures; upholstery services; carpentry; building, plumbing, electrical, painting, roofing, furnace or pest control contractors; printing of a minor processing nature; tailoring; and other artisan craft uses, including fine arts uses.

⁵ Planning Code Section 209.8 prohibits commercial establishments in R Districts, with the exception of Limited Corner Commercial Uses in RTO Districts (Section 231). Commercial establishments are permitted in RC-3 and RC-4 Zoning Districts.

by large use sizes within geographic area. Examples of these specific controls include the stipulation that Trade Shops (defined in Section 790.124) are subject to formula retail controls in certain NC districts in the Sunset, and that Pet Supply stores are subject to the controls on Geary Boulevard – a district that does not restrict many other uses categorized as formula retail.

Table 1. Summary of Existing Specific Formula Retail Controls Applicable in Individual Zoning Districts

Zoning District	Underlying formula retail Control	Specific Restriction
Upper Fillmore NCD	Conditional Use	Formula retail Restaurants and Limited Restaurants not permitted
Broadway NCD	Conditional Use	Formula retail Restaurants and Limited Restaurants not permitted
Mission Street formula retail Restaurant SUD	Conditional Use	Formula retail Restaurants and Limited Restaurants not permitted
Taraval Street Restaurant SUD	Conditional Use	Formula retail Restaurants and Limited Restaurants not permitted
Geary Boulevard formula retail Pet Store and Restaurant SUD	Permitted	Formula retail Pet Supply Store not permitted; Formula retail Restaurants and Limited Restaurants not permitted
Taraval Street NCD	Conditional Use	Trade Shops are subject to formula retail controls
Noriega Street NCD	Conditional Use	Trade Shops are subject to formula retail controls
Irving Street NCD	Conditional Use	Trade Shops are subject to formula retail controls
WSoMa Mixed-Use Office District (WMUO)	Conditional Use	Formula retail not permitted if use is over 25,000 square feet
Service/Arts/Light Industrial District (SALI)	Conditional Use	Formula retail not permitted if use is over 25,000 square feet
Upper Market NCT	Conditional Use	CU required for Limited Financial Services and Business or Professional Services (18-month interim control)
Central Market Area	Permitted	CU required for formula retail fronting on Market Street between 6th and Van Ness (18-month interim control)
Bayshore Boulevard Home Improvement SUD	Permitted	formula retail over 10,000 square feet requires CU
Third Street Formula Retail RUD	Mixed zoning: in some zoning districts within this SUD formula retail requires CU and in some districts formula retail is permitted.	Any new formula retail requires CU
Potrero Center Mixed-Use SUD	Conditional Use	Relieves formula retail requirements for parcels which would otherwise require a CU



SAN FRANCISCO PLANNING DEPARTMENT



- ☐ New FR Not Permitted
- ☐ Specific FR Controls
- ☐ New FR Requires CU
- ☐ New FR Permitted
- ☐ Public or Unknown
- ☐ FR-Related Special Use District

FR: Formula Retail
CU: Conditional Use authorization
P-zoned districts at times defer to the controls of the nearest Neighborhood Commercial district; see Planning Code Section 234.
See Figure 2 for explanation of specific restrictions in individual zoning districts.

Interim Draft

Strategic Economics, 2014;
Data: City and County of
San Francisco, 2013.

Figure 1. Existing Formula Retail Controls in San Francisco



SAN FRANCISCO PLANNING DEPARTMENT

Conditional Use Criteria. When hearing a request for CU authorization for a formula retail use, Section 303(i)(3) outlines the following five criteria the Commission is required to consider in addition to the standard Conditional Use criteria set forth in Section 303(c):

1. The existing concentrations of formula retail uses within the district.
2. The availability of other similar retail uses within the district.
3. The compatibility of the proposed formula retail use with the existing architectural and aesthetic character of the district.
4. The existing retail vacancy rates within the district.
5. The existing mix of Citywide-serving retail uses and neighborhood-serving retail uses within the district.

Changes of Use. Planning Code Section 303(i)(7) requires that a change of use from one formula retail use to another formula retail use requires a new Conditional Use authorization. In addition, a new Conditional Use authorization is required when the use remains the same, but the operator changes, except if the new retailer meets the following two criteria:

1. Where the formula use establishment remains the same size, function and with the same merchandise, and
2. Where the change in the formula retail operator is the result of the "business being purchased by another formula retail operator who will retain all components of the existing retailer, including but not limited to signage for the premises, the name of the premises and the general merchandise offered on the premises."

When the exceptions apply and no new Conditional Use authorization is required, all conditions of approval that were imposed with the first authorization remain associated with the entitlement.

Large-Scale Retail Uses. Planning Code Section 121.6 establishes controls for large-scale retail uses as follows:

- All districts, except the C-3: require Conditional Use authorization for any retail use between 50,000- 120,000sf. Retail uses above 120,000 sf is prohibited.
- C-3 District: require Conditional Use authorization for any retail use over 120,000sf. In addition, the establishment of a single retail use in excess of 120,000 gross square feet in a C-3 Zoning District shall be prohibited if it would sell groceries; contain more than 20,000 Stockkeeping Units (SKUs); and devote more than five percent (5%) of its total sales floor area to the sale of non-taxable merchandise.

When the Commission considers such large-scale retail uses, Section 303(j) provides that in addition to the standard CU criteria, the Commission shall also consider:

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1. The extent to which the retail use's parking is planned in a manner that creates or maintains active street frontage patterns;
2. The extent to which the retail use is a component of a mixed-use project or is designed in a manner that encourages mixed-use building opportunities;
3. The shift in traffic patterns that may result from drawing traffic to the location of the proposed use; and
4. The impact that the employees at the proposed use will have on the demand in the City for housing, public transit, childcare, and other social services.

The Way It Would Be:

The Planning Department is proposing that the Commission consider the following changes to formula retail controls.

1. **Refine the definition of formula retail, while maintaining a balance.**
 - A. **Numerical Threshold and Definition.** Increase numerical threshold and broaden definition to include more uses and businesses.
 - B. **Location of Establishments.** Expand the definition of formula retail by including international locations and entitled locations.
 - C. **Use Categories.** Expand the definition of formula retail to include the following uses as formula retail uses:
 1. Limited Financial Service
 2. Fringe Financial Service
 3. Business and Professional Service
2. **Expand formula retail controls to areas of concern**
 - A. **Require Conditional Use authorization for formula retail establishments with frontage on Market Street between 6th Street and the intersection of Franklin Street, 12th Street and Market Street, in the C-3-G District.** Permanent controls to replace the existing interim controls on this portion of Market Street regarding specific formula retail uses.⁶
3. **Focus review on issues of most importance to residents.**
 - A. **Strengthen review criteria and process for new formula retail in districts with controls.** The existing Code provides a loose framework for formula retail review that has been applied inconsistently. Adopt Performance-Based Review Standards as directed by the Code.
 - B. **Look more closely at Super Stores.** Require an economic impact statement to evaluate large-scale retail uses.
4. **Create a Performance-Based Formula Retail Administrative Review for less impactful formula retail.** Allow a focused review process for changes of formula retail to formula

⁶ Resolution Number 305-13 [Board File No. 130712] is available online: <https://sfgov.legistar.com/View.ashx?M=F&ID=2588632&GUID=63B9534F-8427-400B-A2FF-A17A25081C23>

retail; where aesthetic impacts are minimized; there is no change of use category or size of use; and the project is not controversial. After public notice, when controversy arises, provide for a full formula retail review by the Planning Commission at a public hearing.

5. **Small Business Support.** Small businesses contribute significantly to the unique neighborhood character of each district. The Department recommends further outreach and education by OWED to maximize utilization of their programs to support neighborhood serving businesses.

BACKGROUND

In 2004, the Board of Supervisors adopted San Francisco's first formula retail controls, which added Section 703.3 ("Formula Retail Uses") to the Planning Code to provide both a definition of formula retail and a regulatory framework that intended, based on the findings outlined in the Ordinance, to protect a "diverse base with distinct neighborhood retailing personalities comprised of a mix of businesses."⁷ The Ordinance established the existing definition for formula retail as a "type of retail sales activity or retail sales establishment which, along with eleven or more other retail sales establishments, maintains two or more of the following features: a standardized array of merchandise, a standardized façade, a standardized décor and color scheme, a uniform apparel, standardized signage, a trademark or a servicemark."⁸ The Ordinance required Neighborhood Notification pursuant to Planning Code Section 312 for formula retail uses, Conditional Use (CU) Authorization for specific area of Cole and Carl Streets and Parnassus and Sanyan Streets and a prohibition on formula retail in the Hayes-Gough Neighborhood Commercial District.

The 2004 Ordinance established a precedent for formula retail controls; a number of amendments in quick succession added districts in which formula retail uses require CU authorization.

In 2005:

- Amendments added the requirement for a CU for formula retail uses in the Haight Street NCD and the NC-2 District along Divisadero Street between Haight and Turk Streets⁹.
- Amendment added a prohibition on formula retail uses in the North Beach NCD¹⁰.

In 2006:

- Amendment added formula retail CU controls to the Japantown Special Use District (SUD)¹¹.

⁷ Ordinance Number 62-04, Board File 031501, available on-line at:
<https://sfgov.legistar.com/LegislationDetail.aspx?ID=473759&GUID=A83D3A84-B457-4B93-BCF5-11058DDA5598&Options=ID|Text|&Search=62-04> (March 20, 2014).

⁸ Planning Code Section 703.3(b)

⁹ Ordinance Nos. 8-05 (Haight Street) and 173-05 (Divisadero Street) Available online at:
<http://sfgov.legistar.com/Legislation.aspx>.

¹⁰ Ordinance No. 65-05, available online at: <http://sfgov.legistar.com/Legislation.aspx>.

- Planning Code Section 803.6 was added to the Planning Code, requiring CU authorization for formula retail uses in the Western SoMa Planning Area SUD.¹²

In 2007:

- San Francisco voters approved Proposition G, the "Small Business Protection Act" which amended the Planning Code by adding Section 703.4 required CU authorization for formula retail uses (as defined in the Code) proposed in any NCD.¹³ Proposition G also noted that nothing precluded the Board of Supervisors from "adopting more restrictive provisions for conditional use authorization of formula retail use or prohibiting formula retail use in any Neighborhood Commercial District."

In 2012:

- The Planning Code was amended to include "Financial Services" as a use type subject to formula retail controls¹⁴.

There have been a number of recently enacted policy and legislative changes to formula retail controls which can be reviewed in Table 2.

On April 11, 2013, the Planning Commission adopted Resolution Number 18843, which set forth a policy that provides the first quantitative measure for concentration in the Upper Market Neighborhood¹⁵. This Resolution established a formula for calculating the visual impacts of formula retail uses on a street frontage and determined that if the concentration of formula retail linear frontage is greater than or equal to 20 percent of the total linear frontage of all parcels located within 300 feet of the subject property and also zoned neighborhood commercial, the Planning Department staff shall recommend disapproval.

On June 13, 2013, then-Planning Commission President Fong directed staff to review and analyze planning controls for formula retail uses in San Francisco due to the numerous pending proposals to change these controls.

On June 19, 2013, the Board of Appeals ruled that if a company has signed a lease for a location (even if the location is not yet occupied) those leases count toward the 11 establishments needed

¹¹ Ordinance No. 180-06, available online at: <http://sfgov.legistar.com/Legislation.aspx>.

¹² Ordinance No. 204-06. Available online at: <http://sfgov.legistar.com/Legislation.aspx>.

¹³ The text of the Proposition, as well as arguments for (drafted by then-Supervisors Peskin, Sandavol, Ammiano, Daly, Mirkarimi, Gonzalez and the nonprofit San Francisco Tomorrow) and against (draft by then-Supervisors Elsbernd and Alioto-Pier) are available online here: <http://smartvoter.org/2006/11/07/ca/sf/meas/G> (March 20, 2014)

¹⁴ Ordinance No. 0106-12

¹⁵ The Upper Market Neighborhood is defined in the Resolution as Market Street from Octavia Boulevard to Castro Street. The Resolution is available online at: http://www.sf-planning.org/ftp/files/legislative_changes/form_retail/formretail_18843.pdf

to be considered formula retail¹⁶. The Board discussed, but did not act on, web-based establishments.

On June 25, 2013 Supervisor Weiner's ordinance amended the Department of Public Works Code to restrict food trucks that are associated with formula retail establishments in the public right-of-way¹⁷. The change of note is that for this restriction, the formula retail definition includes "affiliates" of formula retail restaurants, which includes an entity that is owned by or has a financial or contractual agreement with a formula retail use.

On August 7, 2013 Supervisor Kim's Interim Controls for retailers with frontage on a stretch of Market Street were enacted. This Resolution imposed interim zoning controls requiring Conditional Use authorization for certain formula retail uses, as defined, on Market Street, from 6th Street to Van Ness Avenue until February 2015¹⁸. This resolution expanded formula retail controls to include fringe financial services within the interim control area.

Table 2: Summary of Recent, Proposed and Interim Changes to Formula Retail Controls

Legislative or Policy Change	Type of Action	Status
Modifies the definition of formula retail in the Upper Fillmore Neighborhood Commercial District to include retail with 11 or more establishments anywhere in the world, and establishments where 50% or more of stock, shares, etc. are owned by a formula retail use.	BOS Ordinance (Farrell)	Pending Committee Action
Establishes the Fillmore Street Neighborhood Commercial District between Bush and McAllister Streets. The proposal seeks to weight the community voice over other considerations, generally weight the hearing toward disapproval, legislate a requirement for pre-application meeting (which is already (Planning Commission policy), and codify criteria for approval related to the concentration of existing formula retail.	BOS Ordinance (Breed)	Referred to Planning Department; Planning Commission recommended further study
Establishes the Divisadero Street Neighborhood Commercial District between Haight and O'Farrell Streets. The proposal seeks to weight the community voice over other considerations, generally weight the hearing toward disapproval, legislate a requirement for pre-application meeting (which is already Planning Commission policy), and codify criteria for approval related to the concentration of existing formula retail.	BOS Ordinance (Breed)	Referred to Planning Department; Planning Commission recommended further study

¹⁶ Appeal No. 13-030 is available online at
<http://www.sfgov3.org/Modules/ShowDocument.aspx?documentID=4949>

¹⁷ Board File No. 120193 is available online at
<https://sfgov.legistar.com/View.ashx?M=F&ID=2557049&GUID=5250C736-26C0-40EF-B103-4321F058992C>

¹⁸ Resolution Number 305-13 [Board File No. 130712] is available online:
<https://sfgov.legistar.com/View.ashx?M=F&ID=2588632&GUID=63B9534F-8427-400B-A2FF-A17A25081C23>

Created 18-month interim controls on Market Street between Sixth Street and Van Ness Avenue (the Central Market area). A conditional use authorization is required for any formula retail fronting on Market Street in this area.	BOS Ordinance (Kim)	Enacted Expires Feb 2015
Modifies the definition of formula retail in the Hayes-Gough Neighborhood Commercial Transit District to include retail with 11 or more establishments anywhere in the world, and establishments where 50% or more of stock, shares, etc. are owned by a formula retail use.	BOS Ordinance (Breed)	Referred to Planning Department; Planning Commission recommended further study
Third Street Formula Retail Restricted Use District (RUD) modifies the zoning controls on Third Street and expands the applicability of Formula Retail controls citywide. This mixed-use district had some parcels where CU was not required for FR. Now all parcels in this RUD require CU for the establishment of CU. Certain changes to existing entitled FR locations citywide now trigger the need for a new CU hearing.	BOS Ordinance (Cohen)	Enacted
Fulton Grocery Special Use District (SUD). The Planning Commission recently recommended this SUD, which would create an exception to the current prohibition on Formula Retail in the Hayes Gough NCT so as to allow the Commission to consider a Formula Retail grocer by CU.	BOS Ordinance (Breed)	Pending Committee Action on FR change
Expands the Citywide definition of formula retail to include businesses that have 11 or more outlets worldwide, and to include businesses that are at least 50% owned by a formula retail business; expands application to other types of retail uses (e.g., "Adult Entertainment," "Automobile Service Station," "Hotel, Tourist," "Tobacco Paraphernalia Establishment"); requires the Planning Commission to consider economic impact on other businesses in the area as part of the CU process; expands noticing procedures for formula retail applications.	BOS Ordinance (Mar)	Pending Committee Action
Creates the first quantitative basis for evaluating concentration of formula retail in the Upper Market Neighborhood Commercial District and Neighborhood Commercial Transit District. Planning Department staff will recommend disapproval of any project that brings the concentration of formula retail within 300 feet of the subject property to 20% or greater of total linear store frontage.	Planning Commission Policy	Adopted
Board of Appeals ruling. Established that if a company has signed a lease for a location (even if the location is not yet occupied), the lease counts towards the 11 establishments needed to be considered formula retail.	Board of Appeals ruling	
Amended the Department of Public Works code to restrict food trucks that are associated with formula retail establishments. For this restriction, the formula retail definition includes "affiliates" of formula retail restaurants, which includes an entity that is owned by or has a financial or contractual agreement with a formula retail use.	BOS Ordinance (Wiener)	Passed

Acronyms:
BOS: Board of Supervisors
CU: Conditional Use authorization
N/A: Not Applicable

ISSUES AND CONCERNS

Formula Retail controls began in selected areas in 2004 and were adopted citywide as the Small Business Protection Act in 2006¹⁹. Now that the Department and the Commission have had 10 years of experience applying the formula retail controls and with benefit of the recent local studies, we can review the original intentions of the Act and evaluate their current and future applicability. It seems many of the concerns originally identified by the voters remain relevant in today's discussion. From the focus groups and public hearings this year, it seems the primary concerns with formula retail include 1) a displacement of critical goods and services to meet daily needs within the neighborhood; 2) a homogenization of the neighborhood's aesthetic; and 3) that formula retailers be of less economic benefit than nonformula retailers. These expressed concerns are amplified as the use size of the formula retailer increases. The issues and potential impacts are subjective. As such, the Conditional Use process provides the best remedy as this process allows for case by case analysis and the discretion of the Commission. Our department's core findings are that the existing conditional use process is working and can be adjusted to better serve the residents.

San Francisco's retail brokers completed a study of 28 neighborhood commercial streets in early 2014 and found that successful retail districts include the characteristics described below. All of these characteristics were further emphasized in similar studies conducted by the Office of Economic Analysis, the Planning Department and San Francisco Budget and Legislative Analyst.

- Massing: two blocks of shops have greater potential to become a popular shopping destination than two stores on a residential street;
- Tenant Mix: the healthiest and most viable retail environments offer a mix of retailers who vary in size; offerings; and date of conventional and cutting edge, established and newly established;
- Visibility: particularly if a store is on a corner, will impact whether shoppers will visit and increase the perceived presence of the establishment in the neighborhood;²⁰

Importance of Distinct & Diverse Neighborhoods to the City. The Office of Economic Analysis (OEA) report "Expanding Formula Retail Controls: Economic Impact Report" (hereinafter "The OEA Report") found that formula retail controls may have an effect on the City's economy, through their effect on the City's neighborhoods. Proposition G was passed by a wide majority and can be read as evidence that many residents do not favor the unrestricted growth of formula retail in their neighborhoods. The OEA Report's analysis of the Bay Area housing market suggests that San Francisco residents pay a premium to live in the City and neighborhood quality

¹⁹ Proposition G, added 11/7/2006

²⁰ Formula Retail Mapping Project, Colliers International, 2014 http://www.sf-planning.org/ftp/files/legislative_changes/form_retail/formretail_BOS_brokers_study_Formula_Retail_Final.pdf

is included in the price of housing. However, the OEA is unable to quantify the impact of the presence of formula retailers on this neighborhood premium, if any. Consequently, the OEA Report recommends that the impact of formula retailers on neighborhood quality be weighed by directing the Commission to consider both the opinions of neighborhood residents and whether a proposed store could prevent "blight"²¹.

As the center of neighborhood activity and through the shared use of commercial facilities, the commercial street plays the vital sociological role of linking neighborhood residents to one another and to the neighborhood.²² Indeed, the orientation and development of a commercial street is a significant factor in determining a successful and interesting neighborhood.²³ The commercial street is perhaps the greatest source of vitality and character of a city neighborhood.²⁴ Neighborhood character is intimately related to a variety of commercial uses, and leads to broader diversity as Jane Jacobs observed in *The Death and Life of Great American Cities*:

*Whenever we find a city district with an exuberant variety and plenty of commerce, we are apt to find that it contains a good many kinds of diversity also, including variety of its population and other uses. This is more than a coincidence. The same physical and economic conditions that generate diverse commerce are intimately related to the production, or the presence of other kinds of city variety.*²⁵

According to recommendations made by the Planning Commission in September 1980 to the Board of Supervisors, the importance of the sociological function a locally-oriented commercial street performs was recognized²⁶. The Neighborhood Commercial Rezoning Study found that such character and orientation should be preserved and encouraged.²⁷ The recommendations put forth by the Planning Department today seek to continue working toward the ideal balance of commercial diversity to create and maintain unique neighborhoods as they evolve.

Small Businesses. Existing formula retail controls generally consider the neighborhood impacts when formula retailers locate in San Francisco neighborhoods. However, if the City also wants to protect the small business sector, there should be a focus on supporting small businesses to make

²¹ Expanding Formula Retail Controls: Economic Impact Report, Office of Economic Analysis, February 12, 2014, Pages 20 and 28.

²² Suzanne Keller, *The Urban Neighborhood: A Sociological Perspective* 1968, page 103.

²³ Mark Cohen, San Francisco's Neighborhood Commercial Special Use District Ordinance: An Innovative Approach to Commercial Gentrification, *Golden Gate University Law Review*, Vol. 13, Issue 2, September 3, 2010, Page 367 <http://digitalcommons.law.ggu.edu/cgi/viewcontent.cgi?article=1300&context=ggulrev>

²⁴ Jane Jacobs, *The Death and Life of Great American Cities* (1961) page 148

²⁵ Jane Jacobs, *The Death and Life of Great American Cities*, (1961), page 148.

²⁶ San Francisco Board of Supervisors Res. 432-80, 451-80 through 457-80 (1980).

²⁷ San Francisco Dept. of City Planning, *Neighborhood Commercial Rezoning Study: Proposed Article of the Planning Code for Neighborhood Commercial Districts* (January 1983); Department of City Planning, City and County of San Francisco, *Memorandum to Dean Marcris* (March 7, 1983).

them more competitive rather than hindering formula retailers. Through the process of developing the "San Francisco Formula Retail Economic Analysis" (The Department's Study), staff and consultants conducted one on one interviews and worked with small groups including independent retailers, small business owners, merchants associations, formula retailers, commercial brokers, neighborhood representatives and other stakeholders. The Department's Study found that landlords often perceive a benefit in renting to large established chains, which typically have better credit and can sign longer leases than independent retailers, lowering the risk that the tenant will be unable to pay its rent²⁸. Conversely, the formula retail Conditional Use process may create a disincentive for formula retailers to be located in areas with controls.

Economic Viability. Small businesses have raised concerns that formula retailers are willing and able to pay higher rents than independent retailers, contributing to rapidly rising rents in the City's NCDs. Stakeholders have also raised concerns that some landlords prefer formula retailers or other established brands over independent retailers²⁹.

The development conditions and constraints of small infill sites may be one explanation. In terms of redevelopment potential, some vacant retail buildings that are too big for independent retailers are located on parcels that are too small to support enough residential units to justify the expense of demolition and new construction. Vacant retail buildings may present other challenges for redevelopment, based on location, adjacent uses, historical preservation and cost.

Department policy encourages mixed use developments, with ground floor retail and housing above. In Neighborhood Commercial Districts where height limits typically only allows 4 stories, the ground floor retail space accounts for a quarter of the entire development. For these projects, developers report difficulty in securing financing from a bank without a stable, known tenant. Developers must secure financing partners and lenders who want the stability of a commercial tenant with a strong credit rating and branding and name recognition. San Francisco developers prefer to have a mix of commercial tenants (both independent and formula retailers), however the credibility of the formula retailer is what provides confidence for the lender. Formula retailers will typically be better equipped to sign long term leases and can provide the stability and activation that lenders look for³⁰. In addition, formula retailers often serve as an anchor to energize a new development and bring foot traffic to a redevelopment area³¹. Sophisticated developers recognize that part of what makes San Francisco a desirable place to live is the

²⁸ Strategic Economics, "San Francisco Formula Retail Economic Analysis", prepared for San Francisco Planning Department. April 10, 2014 Draft Document, Page 64.

²⁹ Strategic Economics, "San Francisco Formula Retail Economic Analysis", prepared for San Francisco Planning Department. April 10, 2014 Draft Document, Page 64.

³⁰ Planning Department and OEWD Developer Roundtable, March 28, 2014

³¹ Strategic Economics, "San Francisco Formula Retail Economic Analysis", prepared for San Francisco Planning Department. April 10, 2014 Draft Document, Page 27.

unique nature of its neighborhoods and seek to find a balance between formula retailers that can activate a neighborhood, energize lenders and anchor independent retailers to create a thriving district.

Changing Nature of Retail. As San Francisco continues to grow, underutilized parcels redeveloped as mixed use developments increase the amount of available commercial space³². As of 2012, 26 percent of the 55,471 establishments in San Francisco were retail establishments³³. Commercial uses occupy 17 percent of the City's 46.9 square miles of land area and mixed uses occupy an additional seven percent (7%)³⁴. Combined with the increasing amount of commercial space, residents express concern over the long-term commercial vacancies in some NCDs, as evidenced by the request of Supervisor Mar's office to prepare a policy analysis report on preventing and filling commercial vacancies. The Budget and Legislative Analyst report on commercial vacancies found that some reasons for commercial vacancies include building owners that purposely keep their retail space vacant to avoid investment and/or speculate that rents will increase significantly in the near future, absentee landlords who are less fervent about keeping their property occupied and large formula retail establishments resulting in the closure of nearby small non-formula retail establishments³⁵.

Real estate brokers report that the formula retail controls make it more difficult to fill vacancies, particularly of large spaces (more than 3,000 square feet). Cities across the country are finding it increasingly difficult to fill retail space with retail stores (i.e. businesses selling goods directly to consumers) as the number of potential retail tenants has shrunk due to competition with e-commerce and the consolidation of national retail brands³⁶. As consumers seek an experience rather than a specific product, real estate professionals note a nationwide shift toward retail uses that do not compete directly with online sales³⁷. Uses which may be appropriate in retail spaces include eating and drinking uses, grocery stores, personal services, financial advising, automotive services and dry cleaners.³⁸

³² San Francisco is not alone in this trend. Nationwide the amount of retail space per person is increasing.

³³ San Francisco Planning Department, Commerce and Industry Inventory, 2012, Page 18.

³⁴ San Francisco Planning Department, Commerce and Industry Inventory, 2012, Page 20.

³⁵ San Francisco Budget and Legislative Analyst, "Preventing and Filling Commercial Vacancies in San Francisco," August 20, 2013.

³⁶ Strategic Economics, "San Francisco Formula Retail Economic Analysis", prepared for San Francisco Planning Department: April 10, 2014 Draft Document, Page 11.

³⁷ ChainLinks Retail Advisors, Fall/Winter 2013 Retail Review and Forecast.

³⁸ Stakeholders have expressed concern over e-commerce grocery services such as Amazon Fresh and Google Express. However, both of these services shop at local stores in many instances and make brick and mortar supplied specialty products delivery available through their websites. Amazon Fresh does maintain its own grocery distribution centers which compete directly with brick and mortar grocers.

The Department's Study's review of the Ocean Avenue NCT found that the total number of stores reporting sales tax revenues declined from 62 in 2002 to 47 in 2013. The overall decline in stores may be linked to national trends including e-commerce competition and the consolidation of national retail brands. Traditional retail spaces across the country are increasingly being filled with service-oriented uses such as personal, financial and medical service uses³⁹. These findings indicate that service-oriented uses play an important role in both filling vacancies and meeting the daily needs of neighborhood residents.

Daily Needs Serving Uses. Neighborhood Commercial Districts are intended to serve the daily needs of residents living in the immediate neighborhood. The Department's Study found that formula retail can often serve the function of meeting daily needs; however, some Districts report loss of daily needs uses due to an inundation of formula retailers that target larger citywide or regional audiences. The City strives to ensure that goods and services that residents need for daily living are available within an easy walking distance and at an affordable price. These establishments include: corner markets and grocery stores, cafés and limited restaurants, drug stores and pharmacies, hardware and general variety stores, dry cleaners and laundry facilities, banking and financial institutions, personal services and some trade shops such as those that provide tailoring, alterations, shoe repair and furniture repair.

Establishments that serve daily needs and those that are considered formula retail are neither mutually exclusive nor overlapping categories. For example, banks and financial institutions are subject to formula retail controls; however, most people value having a bank within walking distance of their residence and workplace. Pharmacies and drug stores also tend to predominantly be formula retailers but are a desired use in NCDs. Pharmacies, grocery stores, banks and other uses that serve residents' daily needs account for much of the formula retail in NCDs and other mixed use districts with formula retail controls in place⁴⁰.

Retail Clusters. Comparison goods are products like clothes, shoes, furniture and cars. They are items shoppers like to test and compare before purchasing. Comparison retailers, such as apparel

(https://fresh.amazon.com/Category?cat=spotlight&appendmp=true&pf_rd_s=center-5&pf_rd_p=1808047122&pf_rd_t=101&pf_rd_i=1&pf_rd_r=15OK7R6BD56K84GC450Y;
<http://online.wsj.com/news/articles/SB10001424127887324798904578526820771744676>;
<https://www.google.com/shopping/express/?gclid=CLiu2r2HrL4CFQGTfgodJEgAZA#HomePlace:s=0&c=24&mll=SanFrancisco>)

³⁹ Strategic Economics, "San Francisco Formula Retail Economic Analysis", prepared for San Francisco Planning Department. April 10, 2014 Draft Document, Page 94.

⁴⁰ Strategic Economics, "San Francisco Formula Retail Economic Analysis", prepared for San Francisco Planning Department. April 10, 2014 Draft Document, Page 26.

and accessories stores, are especially likely to cluster together in concentrated nodes. Comparison retailers are particularly likely to benefit from co-locating with similar retailers in destinations where shoppers can walk from store to store. We see this trend not only in the Downtown and Union Square area but also in some Neighborhood Commercial Districts like the Upper Fillmore and Hayes Valley. These retail clusters can provide convenience to shoppers and help to create a neighborhood identity.

At the same time, there is growing concern that such clusters, both formula and independent, are increasingly serving a luxury or high-end market and may be displacing businesses that serve residents' daily needs. Stakeholders, including people from both the Upper Fillmore and Hayes Valley neighborhoods, have observed that long-standing retail uses that once provided affordable goods and services to serve daily needs are being replaced by stores that predominantly sell jewelry, clothing shoes and furniture – items that most households purchase only occasionally⁴¹. The shift towards higher-end, comparison shopping stores may in part reflect a regional and national decline in consumer demand from the middle class, accompanied by strong growth in retail sectors serving either the most affluent households or struggling low-income households⁴².

Expanding Use Types. Business and professional services such as tax preparation firms, realtors and insurance agencies offer a retail sale or service and making them subject to formula retail controls would be consistent with the spirit and intent of the Act. Independent business and professional services account for approximately 95 percent of existing business and professional services in San Francisco. The remaining five percent bear the hallmarks of formula retail uses with standardized signage, décor and services⁴³.

⁴¹ Strategic Economics, "San Francisco Formula Retail Economic Analysis", prepared for San Francisco Planning Department. April 10, 2014 Draft Document, Page 11.

⁴² Nelson D. Schwartz, "The Middle Class is Steadily Eroding. Just Ask the Business World", The New York Times. February 2, 2014, www.nytimes.com/2014/02/03/business/the-middle-class-is-steadily-eroding-just-ask-the-business-world.html.

⁴³ Dun & Bradstreet, 2012; Strategic Economics, 2014. Based on Dun & Bradstreet business data that have not been independently verified; all numbers are approximate.



Figure 2: State Farm Insurance offices (Business and Professional Service) nationwide

Gyms are one personal service use in particular that need a larger space than generally available in an NCD and would require a Conditional Use if they proposed merging storefronts in excess of what is principally permitted. While gyms are generally thought of as chains with a large space required (24 Hour Fitness, Equinox and Curves are some examples) there are also smaller (use size) fitness studio chains such as Pop Physique, Soul Cycle and Dailey Method. These smaller personal services uses are more likely to be aesthetically compatible with a NCD due to their use size as well as serve a daily need of residents.

Parent and Subsidiary Companies. Some of the pending Ordinances include expanding the definition of formula retail to include subsidiary companies. Subsidiaries are defined as establishments “where 50 percent 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 11 retail sales establishments located anywhere in the world.”⁴⁴ The Department’s Study found that expanding the definition to include establishments that are majority-owned by formula retail businesses is also likely to affect a small number of potential new businesses⁴⁵. This proposed policy change is designed to address several recent cases of new or proposed establishments that did not have to go through the formula retail Conditional Use process even though they were owned by formula retailers, such as the Jack Spade store in the Mission (owned by Fifth and Company, the same

⁴⁴ Board File No. 130486 Legislative Digest <https://sfgov.legistar.com/View.ashx?M=F&ID=2516654&GU-ID=F9DAA5F2-CDBF-4089-AFAE-3BA772DCADDE>

⁴⁵ Strategic Economics, “San Francisco Formula Retail Economic Analysis”, prepared for San Francisco Planning Department. April 10, 2014 Draft Document, Page 117.

holding company that owns Kate Spade an established formula retailer), and Athleta and Evolution Juice in the Upper Fillmore (owned by The Gap and Starbucks, respectively). However, based on the businesses that are already located in San Francisco, this proposed change is unlikely to have a wide-ranging effect. Citywide, subsidiaries account for only three percent of retail businesses in San Francisco that have 12 or more corporate family members. Most of these would already qualify as formula retail under the existing Planning Code, because they have 12 or more locations of the same trade name in the United States⁴⁶.

The Department believes that San Francisco is an international city that seeks to attract innovative business development⁴⁷. San Francisco is attractive to start ups and experimental services based on its ideal nature of a densely packed city with a high concentration of educated, young, urban professionals and its relationship to the greater Bay Area region⁴⁸. Many established corporations choose San Francisco as one of their primary testing locations for new concepts⁴⁹. Gap Inc. opened its first Athleta store in San Francisco in 2011. There are now over 50 Athleta locations across the country. Starbucks opened its second Evolution Fresh location in San Francisco in 2012 and even today there are only four locations. Starbucks is a Seattle based companies (the three other Evolution Fresh stores are in Washington) with its Evolution Fresh production facility located outside Los Angeles⁵⁰. Black Fleece, a subsidiary of formula retailers Brooks Brothers, opened its second location in San Francisco in 2009. There are still only two Black Fleece locations (the other is in New York City). These concept stores were tested in San Francisco and continue to be successful. At the time of their opening, they did not have standardized features meeting the formula retail definition and with the exception of Athleta, they still do not. Without the standardized features, these businesses do not contribute to the

⁴⁶ Note that because the majority of subsidiaries have at least 12 outlets in the U.S., these businesses were generally considered to be "formula retail" for the purposes of the study.

⁴⁷ The Atlantic, "The World's 26 Best Cities for Business, Life and Innovation" by Derek Thompson published on May 6, 2011 lists San Francisco as the 3rd most successful international city, ranked #1 in percent of population with higher education and #2 in entrepreneurial environment and life satisfaction (<http://www.theatlantic.com/business/archive/2011/05/the-worlds-26-best-cities-for-business-life-and-innovation/238436/#slide24>). San Francisco ranked #6 in Price Waterhouse Coopers 2012 analysis of a city's performance and functionality by evaluating ten indicators across 60 variables to reveal how well-balances a city is for both businesses and residents (http://www.baruch.cuny.edu/nycdata/world_cities/cities-favorable_characteristics.htm). The Office of Economic and Workforce Development houses an International Trade and Commerce Division to attract new international business (<http://www.oewd.org/International.aspx>).

⁴⁸ Mike Elgan, "Why San Francisco Today is Like Every City Tomorrow" September 28, 2013, http://www.computerworld.com/s/article/9242772/Why_San_Francisco_today_is_like_every_city_tomorrow

⁴⁹ The New York Times, David Leonhardt, January 23, 2014 http://www.nytimes.com/2014/01/23/business/upward-mobility-has-not-declined-study-says.html?_r=0

⁵⁰ Los Angeles Times, Tiffany Hsu, October 8, 2013 <http://www.latimes.com/business/money/la-fi-mo-starbucks-evolution-fresh-juice-20131008,0,1952256.story#axzz30Trx6E29>

homogenization of a street face and neighborhood. In fact, the businesses are unique and draw people who are attracted to a new concept that can only be found here to the neighborhood

As specialty retailers face more and more competition from fast-fashion and online retailers, spin-off brands have become more ubiquitous. The Ann Taylor brand launched Loft in 1996, J. Crew launched Madwell in 2009 and Kate Spade has Kate Spade Saturday. The spin off brands are intended to capture the interest of younger customers or in some cases retain customers as they age. Spin off brands "give consumers a reason to shop at their physical stores once again with a new brand" and can help to retain brick and mortar retailers⁵¹.

While generally, subsidiaries are thought of as large established corporations funding a new concept to compete with existing businesses; subsidiary regulations can also affect small business owners. A local business owner, Adriano Paganini, owns 14 restaurants including seven Super Duper Burgers. The remaining restaurants are neighborhood serving unique restaurant concepts including Beretta, Delarosa, Starbelly, Pesce, Lolida and most recently, Uno Dos Tacos. Per Mr. Paganini's letter to the Board, he prides himself on crafting one-of-a-kind concepts to unique neighborhoods⁵². While Super Duper Burgers is not currently a formula retail use, it is on its way to becoming one if more than 11 locations open. If the definition of formula retail is expanded to include subsidiaries, all restaurants that Mr. Paganini owns more than 50 percent of may be considered formula retail establishments (after Super Duper Burgers reached 11 locations) and any new restaurant concepts would be subject to Conditional Use authorization. If Mr. Paganini wished to open a clothing store it would also be considered formula retail because he also owns at least 50 percent of a formula retail chain.

Including subsidiaries is not only counter intuitive to small business growth and active neighborhood commercial districts; but also it would be extremely challenging to apply consistently. The formula retail evaluation process would require applicants to complete an affidavit certifying that the proposed business is not 50 percent or more owned by a company that also owns a formula retail use. In order to evaluate the application, the Department would need to evaluate the concentration of formula retail existing within the district. To truly assess these existing levels, it seems the Department should confirm that the ownership of all of the other retail sales and service establishments. The Planning Department would only investigate and verify these statements based on complaints. The Department would not be able to verify ownership stakes in companies that are not publically traded. Including subsidiaries would mostly affect large corporations whose ownership structures are subject to change at any time.

⁵¹ Fashionista, Lauren Sherman, March 26, 2014 "Spin-Off Brands Are on the Rise" <http://fashionista.com/2014/03/the-rise-of-spin-off-brand#awesm=-oD1KVicGqViv3I>

⁵² Adriano Paganini, Letter to the Board of Supervisor (Attached in Public Comments)

When Jack Spade was trying to open in the Mission it was owned by Liz Claiborne Inc., which also owned Kate Spade. In February 2014 the ownership company was known as Fifth and Pacific Companies and is now known as Kate Spade & Company. Fifth and Pacific Companies is not a formula retailer, so again, the proposed definition to capture subsidiaries would not capture Jack Spade as it's owning corporation is not a formula retailer. Further, these large corporations regularly change names, ownership structures and buy and sell subsidiaries. Corporations could easily create separate holding companies to avoid formula retail controls.

The very definition of "formula retail" requires standardized features that make a use a "formula" use. In this case, the effort to include subsidiaries seems to conflict with the defining characteristics of the use. Further review of a proposed formula retail use is identifying the concentration of formula retail uses within a given area. However, because Staff cannot review every potential business to determine their ownership structure, this concentration number would not be accurate. The proposed use would be considered formula retail by one part of the definition (ownership and financing) while the other uses in the area would be considered formula retail by another part of the definition (number of locations and standardized features). Expanding the formula retail definition to include subsidiaries is not recommended as it would constrain business development and innovation, be inconsistently applied and further complicate an existing process with minimal, if any, benefit.

Recirculation of Local Dollars. Often called the "multiplier effect", recirculation describes higher spending by local, non-formula retailers, generating positive multiplier effects as dollars circulate throughout the local economy, further expanding both spending and employment. One of the main concerns voiced by the public at both the Commission hearings and stakeholder meetings is that formula retailers do not recirculate tax revenue within the local economy. According to an average of ten studies conducted by Civic Economics, a much cited firm that produces studies comparing independent and formula retailers, spending by independent retailers generated 3.7 times more direct local spending than that of national chains.⁵³ Studies by this firm indicate that the percentage of revenue returned to the local economy may be as high as 52 percent for local businesses, and 13.6 percent for national chains⁵⁴. When it comes to restaurants, 78.6 percent of independent restaurant revenue is returned to the local economy compared to 30.4 percent of restaurant chains⁵⁵. The OEA Report found that formula retail controls primarily affect the economy by changing the retail prices paid by consumers, the

⁵³ The American Independent Business Alliance. "Ten New Studies of the 'Local Economic Premium'". Published October 2012. Retrieved at <http://www.amiba.net/resources/studies-recommended-reading/local-premium> on 5/10/14.

⁵⁴ Civic Economics, "Indie Impact Study Series", Summer 2012, retrieved from <http://www.localfirst.org/images/stories/SLC-Final-Impact-Study-Series.pdf>

⁵⁵ Civic Economics, "Indie Impact Study Series", Summer 2012, retrieved from <http://www.localfirst.org/images/stories/SLC-Final-Impact-Study-Series.pdf>

amount of local spending by retail businesses, commercial rents and vacancy rates and the perceptions of neighborhood quality. In general, chain stores charge lower prices, but may spend less within the local economy. Research by the Office of Economic Analysis suggests that local retailers may spend up to 9.5 percent more within the local economy than chain stores, but charge prices that average 17 percent more. In stark contrast to the Civic Economic Reports, the OEA Report determined that, on balance, the economic benefits of greater local spending by non-formula retailers are outweighed by higher consumer prices⁵⁶.

Employment. The public has voiced concerns about differences in hiring practices and the quality of jobs offered by formula and independent retailers. As gathered from public comment at Planning Commission hearings and focus group meetings, the overwhelming public sentiment is that formula retail in San Francisco is more diverse in hiring practices and more willing to hire workers without experience and provide training. However, it has been difficult to substantiate these experiences with data. Studying employment and job quality factors as they related to formula retail has proved challenging. The Department's Study found relatively few sources that provide data on employment at the local level. The data found was limited by the need to protect the privacy of workers and firms. As a result of these constraints, detailed data on the demographics of workers or part-time versus full-time status are only available at the national level, through sources that do not distinguish between independent and formula retailers. Adding to this challenge, the definition of "formula retail" in our Planning Code is very specific and is neither reflected in the literature on retail employment nor possible to exactly replicate with available data sources.

The Department's Study found that nationally, retail stores and restaurants tend to provide workers with lower wages, more limited benefit coverage and fewer and more irregular work hours compared to other industries. These industries face pressure to compete on low pricing and customer convenience (e.g. to be open long hours and on weekends and holidays).⁵⁷ There is also significant variation in pay and job quality within the retail sectors. For example, some firms

⁵⁶ City and County of San Francisco, Office of the Controller, Office of Economic Analysis, "Expanding Formula Retail Controls: Economic Impact Report", February 12, 2014 http://www.sf-planning.org/ftp/files/legislative_changes/form_retail/formretail_130788_economic_impact_final.pdf

⁵⁷ Francoise Carre, Chris Tilly and Diana Denham, "Explaining Variation in the Quality of U.S. Retail Jobs" (presented at the Annual Meeting of the Labor and Employment Relations Association, Denver, CO, 2010), <http://www.russellsage.org/sites/all/files/Carre-Tilly-Retail%20job%20quality-LERA-01.03.10-final-rev2.pdf>; Francoise Carré and Chris Tilly, *Short Hours, Long Hours: Hour Levels and Trends in the Retail Industry in the United States, Canada, and Mexico*, Upjohn Institute Working Paper 12-183 (Kalamazoo, MI: W.E. Upjohn Institute for Employment Research, 2012), <http://www.econstor.eu/handle/10419/64322>; Annette D. Bernhardt, *The Future of Low-Wage Jobs: Case Studies in the Retail Industry*, IEE Working Paper (Institute on Education and the Economy, Teachers College, Columbia University, 1999), <http://citeseerx.ist.psu.edu/viewdoc/download?doi=10.1.1.41.885&rep=rep1&type=pdf>.

pay more and provide better benefits to attract better talent, reduce turnover and increase productivity. Examples include many electronics, hardware and high-end clothing stores that compete for customer business based on quality of service and where knowledgeable salespersons are often highly valued. In contrast, other stores put a higher priority on low costs and low prices, and tend to pay lower wages.⁵⁸ Walmart is the classic example; workers there earn approximately 12 percent less than other retail workers and 14.5 percent less than workers at large retailers and rely heavily on public programs for health care and other needs.⁵⁹ Beyond business strategy, other factors that influence retail job quality include state and local labor laws, unionization, and the competitiveness of the local labor market.⁶⁰

Nationally, retail firms with fewer than 10 outlets tend to pay higher average wages than firms with more than 10 outlets. Studies have shown that large firms are generally more likely to offer better health care coverage, hire more minorities and comply with labor laws compared to smaller firms⁶¹. A 2001 national survey of employers and households found that larger firm size was associated with hiring significantly more African-Americans⁶². These differences between small and large firms may have to do with a number of factors, including awareness of labor laws, hiring methods and financial resources.

While there is significant variation in the provision of benefits and hiring practices, San Francisco's progressive labor laws raise the floor for all workers. San Francisco is nationally known for its progressive laws improving pay, access to health care and paid sick leave for all workers, particularly lower-wage workers.⁶³ Table 3 shows the required provisions of employment benefits in San Francisco based on firm size and employment status. Because benefits such as paid sick leave and health care are applicable based on the number of employees, firms with more employees will be required to provide more benefits. Most formula retailers are likely to be subject to the Health Care Security and Family Friendly Workplace Ordinance given that they have more than 11 locations and therefore will have more than 20 employees.

⁵⁸ Carré, Tilly, and Denham, "Explaining Variation in the Quality of U.S. Retail Jobs."

⁵⁹ Ken Jacobs, Dave Graham-Squire, and Stephanie Luce, *Living Wage Policies and Big-Box Retail: How a Higher Wage Standard Would Impact Walmart Workers and Shoppers*, Research Brief (UC Berkeley Center for Labor Research and Education, 2011), <http://www.mef101.org/Issues/Resources/11-0428%20-%20Bigbox%20Living%20Wage%20Policies.pdf>.

⁶⁰ Carré, Tilly, and Denham, "Explaining Variation in the Quality of U.S. Retail Jobs."

⁶¹ Strategic Economics, "San Francisco Formula Retail Economic Analysis", prepared for San Francisco Planning Department. April 10, 2014 Draft Document, Page 53.

⁶² Philip Moss and Chris Tilly, *Stories Employers Tell: Race, Skill, and Hiring in America* (Russell Sage Foundation, 2001).

⁶³ Michael Reich, Ken Jacobs, and Miranda Dietz, eds., *When Mandates Work: Raising Labor Standards at the Local Level*, 2014, <http://www.ucpress.edu/book.php?isbn=9780520278141>.

Table 3: San Francisco Labor Laws

Law	Employer Applicability	Requirement	Effective Date
Minimum Wage Ordinance	All employers with employees who work in San Francisco more than two hours per week, including part-time and temporary workers*	All employees who work in San Francisco more than two hours per week, including part-time and temporary workers, are entitled to the San Francisco minimum wage (\$10.74 per hour as of January 2014).	February 2004
Paid Sick Leave Ordinance	All employers** with employees who work in San Francisco, including part-time and temporary workers	All employees who work in San Francisco, including part-time and temporary workers, are entitled to paid time off from work when they are sick or need medical care, and to care for their family members or designated person when those persons are sick or need medical care.	February 2007
Health Care Security Ordinance	Employers with 20 or more employees nationwide, including part-time and temporary workers (and non-profit employers with 50 or more employees)	Employers must spend a minimum amount (set by law) on health care for each employee who works eight or more hours per week in San Francisco. The expenditure rate varies by employer size; in 2014, for-profit businesses with 20 to 99 employees nationwide are required to spend \$1.63 per worker per hour paid; employers with 100+ employees nationwide are required to spend \$2.44 per worker per hour paid.	January 2008
Family Friendly Workplace Ordinance	Employers with 20 or more employees nationwide, including part-time and temporary workers	Employers must allow any employee who is employed in San Francisco, has been employed for six months or more by the current employer, and works at least eight hours per week on a regular basis to request a flexible or predictable working arrangement to assist with care-giving responsibilities.	January 2014

Neighborhood Character & Homogenization. The intent of the neighborhood commercial districts is to provide convenience retail goods and services, primarily during the daytime hours. While the commercial intensity of the district varies, each district has its own scale and character description in the zoning control table. The districts feature commercial on the lower floors with residential uses above. The largest of these districts not only serve the immediate neighbors but also may offer a wide variety of comparison and specialty goods and services for the surrounding neighborhoods. Even in these cases, however, the Code is clear that a special emphasis on neighborhood-serving businesses is paramount⁶⁴. Beyond that, each district begins with a description of the character so that future development can be compatible with the overall

⁶⁴ Planning Code Section 710-745. The largest NC district, NC-3, maintains an emphasis on neighborhood serving businesses.

character. The very nature of the Commission's discretion on Conditional Use applications requires that neighborhood compatibility be considered with each authorization. Certain neighborhoods may be more defined by uniqueness than other neighborhoods. For instance, the vice president of the Valencia Street Merchants Association described the relationship between formula retail and this neighborhood by stating, "We appreciate you can go a mile on Valencia Street and not see one formula-retail store," in the *New Yorker*⁶⁵. As quoted earlier in this report, the OEA Report described an economic value to San Francisco that is inherent in its desirability as a unique city. This sentiment is reflected in other cities too. "The reaction is largely driven by sameness," says Dick Outcalt, a partner in Outcalt & Johnson Retail Strategists in Seattle. "The populace is more empowered protecting the feel of a community because they realize that commercially, aesthetically and from the property value standpoint, uniqueness has value⁶⁶."

While homogenization is a factor, community participation is also part of neighborhood character. During the Department's stakeholders reported difficulty in garnering the involvement of formula retail managers who often needed remote approval from corporate offices. The Department's Study found that community members in the Ocean Avenue NCT note that it is challenging to establish ongoing relationships with formula retailers because the managers rotate between stores or do not have the authority to make decisions⁶⁷. New York City also had concern about the loss of "mom-and-pop" stores being replaced by Whole Foods, TJ Maxx, and Sephora. When asked by the *New York Times* about the issue, a neighbor replied, "We've lost a lot of feeling of being a community. There's a sense of community that comes from living with small merchants whom you get to know⁶⁸."

When considering the appearance for a new formula retail establishment, these businesses, are ubiquitous and diminish the unique qualities of a shopping street. Under the Planning Code, formula retail establishments are defined as "an...establishment which, along with eleven or more other retail sales establishments...maintains two or more [standardized] features". In other words, formula retailers are stores with multiple locations and a recognizable "look" or appearance. What makes a look recognizable in this case, is the repetition of the same characteristics of one store in multiple locations. The sameness of formula retail outlets, while

⁶⁵ Lauren Smiley. "What It Means to Keep Chain Stores Out of San Francisco" September 20, 2013. *The New Yorker*. Retrieved from <http://www.newyorker.com/online/blogs/currency/2013/09/what-it-means-to-keep-chain-stores-out-of-san-francisco.html>

⁶⁶ Haya El Nasser. "Cities put shackles on chain stores" July 20, 2004. *USA Today*. Retrieved from <http://sustainableconnections.org/ex-pdfs/USA%20Today%20Cities%20put%20shackles.pdf>

⁶⁷ Strategic Economics, "San Francisco Formula Retail Economic Analysis", prepared for San Francisco Planning Department. April 10, 2014 Draft Document, Page 91.

⁶⁸ Joseph Berger. "Fear (and Shopping) When Big Stores Move In" June 4, 2010. *The New York Times*. Retrieved from http://www.nytimes.com/2010/06/05/nyregion/05metjournal.html?_r=2&

providing clear branding for consumers, counters the general direction existing land use controls which value unique community character. The standardized characteristics that are found other places provide some level of homogenization. Formula retailers cannot be unique because there are at least 11 others with the same look.

This effect has an impact on tourists and locals alike. A quick stroll through “Yelpers” review of Fisherman’s Wharf elicits the following quotes⁶⁹:

- *“This place is gross... and reeks of chain restaurants and poor examples of badly executed notions of Americana.”*
- *“This area has some restaurants but they are chains or have only average food.”*
- *“Restaurants are a mix of chains and tourist favorites.”*
- *“Understandably, there are cheesy chain restaurants, expensive ventures for the kids and family, and more people crammed into one area than all of the rest of the city. There will be lots of distractions, gimmicky souvenirs to be sold, but that’s not to say it’s all a bad time.”*
- *“It is fun to walk and widow-shop here. Also, you can chose between fine seafood restaurants and street kiosk to satisfy any craving. The problem: too many chain restaurants spoil an area that should be an authentic neighborhood of San Francisco.”*

While Fisherman’s Wharf is not subject to formula retail controls, the sentiment above is a good indicator of some general reactions to a perceived overabundance of formula retail.

The Conditional Use Process. The Department’s Study and the OEA Report found that the Conditional Use process is working to retain unique neighborhood character. The relatively low concentration of formula retail in commercial and mixed-use neighborhoods with formula retail controls in places suggest that the controls are successful in limiting the amount of formula retail in the City’s Neighborhood Commercial Districts⁷⁰. The Conditional Use process creates disincentives for formula retailers to locate in NCDs. The upfront time and financial investment required to go through the Conditional Use process results in many formula retailers being unwilling to consider locating in the NCDs. However, formula retailers are more likely to submit applications in neighborhoods with strong market demand for new retail and where they anticipate a positive reception by the community. The process empowers the local community by giving community members the power to keep unwanted formula retail uses out. Excluding pending applications, 75 percent of formula retail Conditional Use applications have been

⁶⁹ User reviews from Fisherman’s Wharf Yelp! page. Retrieved on May 9, 2014 from <http://www.yelp.com/biz/fishermans-wharf-san-francisco-3>

⁷⁰ Page 28 of The Department’s Study determined that formula retailers account for ten percent of the retail establishments in commercial/mixed-use districts with controls in place, while they account for 25 percent of the retail establishments in commercial/mixed-use districts without controls.

approved⁷¹. In cases where community members have reached a clear consensus that a proposed formula retailer is not desirable and appeared at Planning Commission hearings, the applications have often been denied or withdrawn. In general, community reaction to formula retail Conditional Use applications appears to depend on factors such as the potential impacts on existing and beloved businesses and whether the prospective formula retail tenants are filling long-standing vacancies and/or meeting unmet community needs.

Conversely, the City's formula retail controls may be a contributing factor in some long-term vacancies, particularly of larger storefronts. Brokers report that large, deep spaces may sit empty for extended periods of time if a formula retail Conditional Use application is disapproved or withdrawn, and that these vacant spaces can act as a drag on the vibrancy and overall performance of the surrounding district. Formula retailers can generally fill more floor space than independent retailers, and can more often afford to make needed tenant improvements and pay rents required to lease larger storefronts. While formula retail controls may make leasing some spaces more challenging, obsolete building designs, significant maintenance needs and challenging locations also likely contribute to long-term vacancies in many cases. There are significant limitations to the approach that formula retail controls encourage property owners to subdivide or redevelop large, vacant retail spaces. Some large retail buildings are not possible to subdivide into multiple smaller storefronts that would be more suitable for independent businesses because of structural or design issues⁷².

The Conditional Use process allows evaluation on a case by case basis and for consideration of community input. One recent example is Pet Food Express, a locally based chain that would have activated a long vacant building, potentially promoted additional commercial investment, provided two services that were not being provided in the neighborhood, increased street front transparency and improved the streetscape⁷³. The project sponsor provided an economic impact study and had 42 speakers in favor of the project and 41 speakers opposed⁷⁴. The controversial project was ultimately found to not be necessary or desirable and was disapproved.

Lack of clarity in existing Code. The existing Code establishes that the "Planning Commission shall develop and adopt guidelines which it shall employ when considering any request for discretionary review." The Code then lays out five criteria for consideration, which have not been interpreted or clarified. Review of previous staff prepared case reports indicates inconsistent application of these criteria.

⁷¹ Strategic Economics, "San Francisco Formula Retail Economic Analysis", prepared for San Francisco Planning Department. April 10, 2014 Draft Document, Page 5.

⁷² Strategic Economics, "San Francisco Formula Retail Economic Analysis", prepared for San Francisco Planning Department. April 10, 2014 Draft Document, Page 6.

⁷³ Case No. 2013.0128C, heard on August 8, 2013

⁷⁴ Planning Commission Minutes for Case No. 2013.0128C heard on August 8, 2013

1. Existing concentrations of formula retail uses within the district.

Review of previous staff prepared case reports indicates that this criterion is not reviewed consistently. Some reports include a count of the entire NCD and some include a count within the general "vicinity". The application of what was the "vicinity" varied by planner. The Planning Commission adopted policy for Upper Market Street neighborhood that established a method for calculating concentration based on linear commercial frontage of all NC zoned parcels within 300 feet of the subject property. The policy stipulated that if a proposed formula retail use would result in a concentration greater than 20 percent, the Planning Department would recommend disapproval of the case. This policy has been enacted since April 2013 and resulted two cases being disapproved by the Planning Commission, a Starbucks that would have brought the concentration to 21 percent and a Chipotle that would have brought the concentration to 36 percent. While the Duboce Triangle Neighborhood Association has been pleased with the implementation of this policy, members of the Commission have expressed a desire to revisit this methodology, prior to broader application.

The Department's Study found that the appropriate concentration of formula retail for districts varies significantly depending on existing conditions and the community's preferences. Communities often react differently to formula retail Conditional Use applications depending on factors such as the potential impacts on competing businesses and whether prospective formula retail tenants are filling long standing vacancies and/or meeting perceived community needs. **Given this variation, the Department's Study found that it is not possible to define an ideal level of concentration for formula retail that could apply across multiple zoning districts⁷⁵. However, looking at the concentration by number of existing formula versus non-formula retailers as well as the amount of linear frontage of each business use type would be a useful metric for comparison.**

- 2. Availability of other similar retail uses within the district.** This criterion directs staff to review whether the goods and/or services proposed are currently being provided in the district. There is no additional direction provided on how these similar retail uses are dispersed within the district as well as no analysis of similar retail uses in commercial areas immediately adjacent to the district or even the proposed location in some cases. A literal interpretation of this criterion may lead staff evaluating a proposal for formula retail along Geary Street in the Richmond (NC-3 Zoning District) to not only examine the availability of similar retail uses on the contiguous Geary NC-3 but also within the all of

⁷⁵ Strategic Economics, "San Francisco Formula Retail Economic Analysis", prepared for San Francisco Planning Department. April 10, 2014 Draft Document, Page 8.

the NC-3 zoned parcels which exist as far away as Mission Street in the Outer Mission neighborhood. For this criteria and the one above, it seems that the important question is not whether these goods are provided anywhere within the zoning district, but rather within the zoning district that is an easy walk.

3. **Compatibility of the proposed formula retail use with the existing architectural and aesthetic character of the district.** Most formula retail Conditional Use applications include solely interior tenant improvements and signage. Signage is administratively approved per Planning Code Article 6 and generally permitted separate from the Conditional Use authorization. However, the Conditional Use process allows for the Commission to exercise discretion and negotiate reduced visual impacts with project sponsors. **Given the concerns around potential homogenization of neighborhoods by formula retail, more specific aesthetic and architectural features of concern should be identified for review of this criterion.**
4. **Existing retail vacancy rates within the district.** Like most data, vacancy rates are most useful when comparisons can be drawn. There is currently minimal tracking of vacancy rates in commercial districts and it is not maintained consistently. There is also no comparison to a healthy vacancy rate, which the Department's Study identifies as ten percent. The Department has access to vacancy rates in both the Retail Broker's Study and the Invest in Neighborhoods project. **Using these existing data sources as a starting point, vacancies should be considered in relation to the proximity to the proposed site. The Department should work to update this information with each formula retail application and through subsequent studies so that time-series data may be established to demonstrate how various neighborhoods change over time.**
5. **Existing mix of Citywide-serving retail uses and neighborhood-serving retail uses within the district.** As discussed earlier, many residents are concerned about the loss of neighborhood or daily needs serving retail uses. The Department's Study found that many of the districts with controls are predominantly daily needs-serving. This existing criterion provides no guidance of what is considered neighborhood-serving retail versus Citywide-serving. Similar to concentrations, there is no one ratio that fits all NCDs. The distribution of neighborhood serving uses is also not considered, even though many NCDs stretch for miles and residents are unlikely to travel only within their NCD to have their needs met. Due to the lack of guidance provide, this criterion too is evaluated inconsistently.

REQUIRED COMMISSION ACTION

The Commission is being asked to initiate the attached Ordinance. If initiated today, the Department would ask the Commission to take an action on the draft Ordinance and associated Performance-Based Review Standards for formula retail review on or after June 5, 2014.

POLICY RECOMMENDATIONS AND BASIS FOR RECOMMENDATIONS

The Department recommends that the Commission retain the existing framework of Conditional Use authorization, while making some changes to better respond to issues of concern and to facilitate consideration of formula retail uses which enrich a neighborhood. The proposal seeks to maintain the original intent of formula retail controls while adding rigor and consistency to the process. The specific recommendations of the Department and a discussion of why the changes are being proposed follows:

1. **Refine the definition of formula retailer, while maintaining a balance.** Increase the numerical threshold from 11 to 20 and broaden the definition to include more use types and businesses located outside of United States. In addition to physical establishments, locations that are permitted or entitled by the local jurisdiction would now be added toward the threshold for formula retail. The Department recommends not counting merely signed leases without any land use entitlements towards this threshold.
 - A. **Numerical Threshold.** Formula retail is currently defined as a retail establishment which, along with 11 or more retail sales establishments located in the United States, maintains two or more standardized features. When a qualifying use applies for the twelfth or more location and the new application is located in a zoning district with formula retail controls, it is required to procure Conditional Use authorization from the Planning Commission. When the original formula retail legislation was proposed in 2003, the definition of formula retail was four or more locations⁷⁶. Through the Board of Supervisor's review of the ordinance, the number was increased to 11 to avoid negatively impacting small businesses.

Blue Bottle and Philz Coffee recently reached 14 locations and San Francisco Soup Company has 16 locations. These businesses are now considered formula retail and reviewed under the same process as much larger businesses such as Starbucks (over 20,000 locations) and Subway (over 40,00 locations). According to the San Francisco Formula Retail Economic Analysis, approximately half of San Francisco's formula retail establishments are associated with companies that have more than 1,045 branches and subsidiaries. Only five percent of formula retail establishments in San Francisco are

⁷⁶ Board File No. 031501 <https://sfgov.legistar.com/View.ashx?M=F&ID=704645&GUID=36C7A18F-7673-4720-BDCD-8A7F0FCE9DC6>

associated with businesses with fewer than 20 total branches⁷⁷. Raising the number of locations to 20 would mean that relatively small businesses such as Blue Bottle Coffee, Philz Coffee and Patxi's Pizza are no longer considered formula retail. The formula retail definition would continue to capture the majority of well-known formula retailers (such as Safeway, Wells Fargo, Peets Coffee, Gap) as well as some medium-sized businesses that have grown substantially, such as Umami Burger, Boudin, Extreme Pizza and the Cheesesteak Shop. Retailers such as Steven Alan, James Perse and Athleta would continue to be defined as formula retailers. Meanwhile, the number of smaller businesses such as Super Duper Burger and San Francisco Soup Company can continue to grow in San Francisco⁷⁸.

The Department recommends counting locations that are permitted or entitled towards the numerical threshold. As previously discussed, a Board of Appeals ruling required that leases held count as potential locations toward meeting the formula retail threshold. However, leases are private agreements between landlords and tenants and cannot be independently verified. Leases are sometimes held for years before a retailer operates in a location. The long vacant former Walgreens on Ocean Avenue and the proposed Pet Food Express location on Lombard Street are local examples of this phenomenon. An entitled or permitted location is one that has already been approved to operate by a local jurisdiction. The proposed establishment would have at this point invested time and money in ensuring an operation. Further, entitlements and permits are public record and can be independently verified. These pending locations which have received land use approvals have a much greater likelihood of coming to fruition and should therefore be counted toward the numerical threshold of 20. This proposed change should address the concern of formula retail establishments coordinating their openings in an effort to circumvent San Francisco's formula retail controls.

- B. Location of Establishments.** Similarly, including international locations toward the 20 locations would balance the increase in number of locations while still allowing small businesses to grow. Data on the number of establishments located internationally were not available; however, by looking at the headquarters of formula retailers we can get an approximation of where retailers are primarily located. According to the Department's Study, within San Francisco, only 10 percent of businesses with 12 or more corporate family members are part of a corporation that is headquartered outside the United

⁷⁷ This number is based on the number of existing formula retailers in San Francisco, i.e. those with more than 11 locations.

⁷⁸ Numbers are based on individual websites, accessed 4/7/2014.

States⁷⁹. A vast majority of these have long established presences in the U.S. and already qualify as formula retail under the current Planning Code. For example, highly recognizable brands such as T-Mobile (based in Germany), 7-Eleven (headquartered in Japan), The Body Shop (headquartered in England) and Sephora (based in France) account for many of the 130 businesses headquartered outside of the U.S.

The proposal to include internationally based retailers who desire to open a flag ship U.S. location are unlikely to be hindered by formula retail controls, as flagship stores are likely to be located in a major regional shopping center such as Union Square, which does not have formula retail controls. When Japan-based Uniqlo opened its first west coast store in Union Square, it had 1,132 stores in 13 countries. The U.S. COO said, "We chose San Francisco because it's a hotbed of global technological innovation."⁸⁰ San Francisco is a desired retail location and will continue to be so.

By increasing the number of global locations to 20, businesses such as Uniqlo, Muji, Daiso, Loving Hut, Aesop and Oskia would continue to be formula retailers. The proposed increase can expect to capture approximately the same number of formula retailers that are currently captured. The number of retailers that would newly be captured is very small⁸¹.

C. **Use Categories.** The Department recommends expanding the definition of formula retail to include Limited Financial Service, Fringe Financial Service and Business and Professional Service.

1. **Limited Financial Service** is defined in Planning Code Section 790.112 as "*A retail use which provides banking services, when not occupying more than 15 feet of linear frontage of 200 square feet of gross floor area. Automated teller machines, if installed within such facility or on an exterior wall as a walk-up facility, are included in this category; however, these machines are not subject to the hours of operation...*" These uses tend to be ATMs but there is nothing in the Code that prevents a small branch from opening under this

⁷⁹ Strategic Economics, "San Francisco Formula Retail Economic Analysis", prepared for San Francisco Planning Department. April 10, 2014 Draft Document, Page 3.

⁸⁰ Carolyn Said, "Uniqlo Opens S.F. Store," *SFGate*, October 4, 2012, <http://www.sfgate.com/business/article/Uniqlo-opens-S-F-store-3919489.php#src=fb>.

⁸¹ Strategic Economics reported that almost all (if not all) of the businesses with locations in San Francisco that are headquartered outside the U.S. and are currently captured by the definition of formula retail would still be captured by the definition of formula retail if the threshold was raised to 20 locations worldwide. Only one instance of an internally based retailer that may not meet the 20 location threshold was found. This example was Sheng Kee Bakery, which has 12 U.S. locations but is headquartered in Taiwan. The company appears to have locations in Taiwan, Singapore and Canada but it is unclear if they are all actually the same company. If they are the same company, there are fewer than 8 locations outside the U.S. (Reported via email on May 6, 2014).

use category and it is therefore analogous to Financial Services, which are already subject to formula retail controls. The number of Limited Financial Service uses that would be captured by this definition change are not available because the data combines this use category with Financial Services in general. The proposal includes an exemption for Limited Financial Services that are located within another use and that are not visible from the street. Supervisor Weiner's Interim Controls in the Upper Market Street NCT currently requires Conditional Use authorization for all Limited Financial Service uses, indicating a community desire to more heavily regulate these uses.

Board File No, 12-0047, which adopted Financial Services as a use category subject to formula retail controls found that Limited Financial Service uses would allow smaller size financial services with less of an impact on the aesthetic character and vibrancy of a NCD. While banking services are a desired neighborhood serving use, a bank of ATMs or an ATM vestibule do not contribute to the vibrancy of street activity. Limited Financial Services, similar to Financial Services, tend to include maximum signage serving as advertising and branding on a street face. San Francisco is not unique in dealing with the aesthetic impacts that banking services have on neighborhood commercial districts. New York City addressed this issue in the Upper West Side neighborhoods by limiting the width of bank storefronts to no more than 25' wide. The concern there, however, was that the small fine grained nature of the existing neighborhood commercial district was being eroded by larger storefronts. San Francisco's NCDs generally feature storefronts that are 15 to 25', necessitating further controls applied to Limited Financial Services.

2. **Fringe Financial Service.** Fringe Financial Service is defined in Planning Code Section 790.111 as *"A retail use that provides banking services and products to the public and is owned or operated by a "check cashier" as defined in California Civil Code Section 1789.31, as amended from time to time, or by a "licensee" as defined in California Financial Code Section 23001(d), as amended from time to time."* Fringe Financial Services are regulated within the Fringe Financial Service Restricted Use District (Sec. 249.34 of the Planning Code) because they have the *"potential to displace other financial service providers, including charter banks, which offer a much broader range of financial services, as well as other desired commercial development in the City, which provides a broad range of neighborhood commercial goods and services."* The Fringe Financial Service RUD only applies to the Mission Alcoholic Beverage District SUD, the North of Market Residential SUD, the Divisadero Street Alcohol RUD, the Third Street Alcohol RUD and the Haight Street Alcohol RUD. By applying the definition of formula retail to fringe financial services, the Department will be better equipped to evaluate future locations in Neighborhood Commercial Districts, as well as evolving Mixed Use Districts. Supervisor Kim's Interim Zoning Controls on Market Street require

Conditional Use authorization for new Fringe Financial Service that front on Market Street between 6th Street and Van Ness Avenue, demonstrating a community desire to further control Fringe Financial Services. Currently, there are 10-20 fringe financial uses within San Francisco that have more than 20 locations⁸².

3. **Business and Professional Service.** Defined in Planning Code Section 790.108 as *"A retail use which provides to the general public, general business or professional services, including but not limited to, architectural, management, clerical, accounting, legal, consulting, insurance, real estate brokerage, and travel services. It also includes business offices of building, plumbing, electrical, painting, roofing, furnace or pest control contractors...It does not include research service of an industrial or scientific nature in a commercial or medical laboratory, other than routine medical testing and analysis by a health-care professional or hospital."* Expanding the definition of formula retail to include business and professional services will apply to businesses such as H&R Block, the UPS Store, Kinkos, and real estate and insurance offices such as Coldwell Banker and State Farm Insurance. These businesses often seem to present the standardized features that determine when multiple outlets should be considered formula retail and therefore should be captured in the definition.

2. Expand formula retail controls to areas of concern.

- A. **Require Conditional Use authorization for formula retail establishments with frontage on Market Street between 6th Street and 12th Street.** Long-standing policies adopted in the General Plan acknowledge the importance of Market Street as the city's cultural and ceremonial spine. Given this elevated importance to the image of the City, the Department recommends permanent formula retail controls to replace the current interim controls along Market Street and expanding the area of controls from Van Ness to 12th Street. In January 2010, the Mayor's Office of Economic and Workforce Development launched the Central Market Partnership, a public/private initiative to renew and coordinate efforts to revitalize the Central market neighborhood. In November 2011, the Mayor released the Central Market Economic Strategy. In July 2013, Supervisor Kim sponsored legislation to place interim formula retail controls on Market Street between Van Ness and 6th Street in order to ensure that new development retained a unique neighborhood character.

⁸² Source: Dun & Bradstreet, 2012; Strategic Economics, 2014. Based on Dun & Bradstreet business data that have not been independently verified; all numbers are approximate and includes branches or subsidiaries located anywhere in the world.

This portion of Market Street is zoned C-3-G: Downtown General Commercial and had no restrictions on formula retail uses, prior to the adoption of interim controls. The C-3-G District is described in Planning Code Section 201.3, "This district covers the western portions of downtown and is composed of a variety of uses: Retail, offices, hotels, entertainment, clubs and institutions, and high-density residential. Many of these uses have a Citywide or regional function, although the intensity of development is lower here than in the downtown core area. As in the case of other downtown districts, no off-street parking is required for individual commercial buildings. In the vicinity of Market Street, the configuration of this district reflects easy accessibility by rapid transit."

Between 2011 and 2013, 17 new companies moved into the Central Market area. As this area experiences major growth, now is the time to ensure the land use controls create a neighborhood that is worthy of the importance of the street. Over 5,571 residential units are under construction or approved and 40 additional development projects are in the pipeline⁸³. Central Market is a burgeoning mixed-use neighborhood and formula retail controls will help shape the future development of the neighborhood. The Department recommends applying the existing Conditional Use process to formula retail establishments that front on Market Street between 12th Street and 6th Street in order to ensure the development of balanced neighborhood character rather than producing a bland or generic retail presence. The approach itself is balanced in applying only to storefronts with a frontage on Market Street rather than the entire Central Market area. Key to this proposal is careful review of the uses visible from the right-of-way. The Conditional Use process will ensure that formula retail establishments that locate visibly on the central part of Market Street will be compatible with the development neighborhood character and uses.

As the City continues to attract new businesses to this emerging retail corridor, there is a desire to preserve and attract neighborhood retail that is in keeping with the character of this historic area. Since 2011, 13 new small businesses have located in the Central Market area, with five additional businesses planning to open soon⁸⁴. Through

⁸³ Central Market Turnaround 2011 – 2013, San Francisco Office of Economic and Workforce Development, November 1, 2013. (Attached)
<http://www.oewd.org/media/docs/Central%20Market/CENTRAL%20MARKET%20TURNAROUND%2011-1-13.pdf>

⁸⁴ Central Market Turnaround 2011 – 2013, San Francisco Office of Economic and Workforce Development, November 1, 2013. (Attached)
<http://www.oewd.org/media/docs/Central%20Market/CENTRAL%20MARKET%20TURNAROUND%2011-1-13.pdf>

the Department's Study, neighborhood merchants voiced concern that they see a pattern of independent startup businesses that turn a neighborhood around and are then forced out through rent increases. Startups take the risk of locating in transitional neighborhoods and help to improve the neighborhood through their presence and investment. This is generally due to these more risky neighborhoods being affordable to startup businesses. They draw in more foot traffic and as the neighborhood improves and becomes less risky, established businesses want to locate there. These established businesses tend to be formula retailers and are typically better capitalized, have better credit and can pay higher rents and commit to longer leases which may negatively impact the start-up businesses that played a key role in revitalizing a neighborhood. In the Central Market area there are already ten formula retail limited restaurants (fast food) and two formula retail pharmacies⁸⁵. The unregulated and unmonitored establishment of additional formula retail uses may unduly limit or eliminate business establishment opportunities for startup businesses, many of which tend to be non-traditional or unique. Recent additions to this part of Market Street include Littlejohn's Candies, Beer Hall, Huckleberry Bicycles, Alta and Little Griddle. These business owners took a risk and made an investment on a transitional part of Market Street and are paving the way for future economic development in the City's historic core. Their efforts should not be hampered by a proliferation of formula retailers that can significantly alter neighborhood character.

The Department further recommends expanding formula retail Conditional Use controls beyond the interim control boundary of Van Ness Avenue to 12th Street and Franklin Street as the western boundary. Franklin Street and 12th Street divide the NCT-3 zoning district in the Upper and Central Market neighborhoods and should be included in the permanent controls to ensure consistent application on Market Street.

3. Focus review on issues of most importance to residents.

- A. Strengthen review criteria and process for new formula retail in Districts with formula retail controls in place.** Planning Code Section 703.3(h) (Formula Retail Uses) includes the language "The Planning Commission shall develop and adopt guidelines which it shall employ when any considering request for discretionary review made pursuant to this Section." The Section goes on to list the following five criteria for consideration of formula retail uses. The Department proposes developing formula retail review guidelines in a Performance-Based Review Standards document as directed by the

⁸⁵ Interim Zoning Controls – Specific Formula Retail Uses on Market Street, from 6th Street to Van Ness Avenue, Board File No. 130712, Resolution No. 305-13, page 2
<https://sfgov.legistar.com/View.ashx?M=F&ID=2588632&GUID=63B9534F-8427-400B-A2FF-A17A25081C23>

current Code. The Performance-Based Review Standards will provide clarity to staff and increase rigor in the implementation of the five Conditional Use criteria existing in Planning Code Section 303(i)(3).

Consistent Data & Description Contextualized, When Possible. The Performance-Based Review Standards will include direction to staff on how to construct consistent reports for the Commission's consideration. The reports for the Commission should include uniform assessments of key neighborhood features such as demographics, trends, a qualitative characterization the nature of the District, including massing, use size, anchors, and clusters. Data on the retail character should consistently describe vacancies, the amount of formula and no-formula retailers, as well as the prevalence of uses that meet daily needs. The data should be contextualized with comparisons to City-wide data and other Districts, where available. The Review Standards will provide interpretation and guidance to staff, applicants, and the public about how to apply the existing formula retail Conditional Use review criteria as detailed below.

Area of Comparison: Defined Radius Instead of Zoning District. The existing codified evaluation criteria require analyzing the proposed use in the context of the entire zoning district. Most residents can identify their Neighborhood Commercial District, however Eastern Neighborhoods and Mixed Use Zoning Districts are not linear districts that residents can easily identify. Even NCDs that are linear can stretch over a mile, much greater than typical walking distance or a perceived "neighborhood". Rather than evaluating the zoning district, the Department recommends amending the evaluation area to a quarter mile of the proposed location for criterion evaluating concentration of formula retail, use mix and neighborhood service uses as specified below. The radius of a quarter mile will capture the uses that residents can walk to and serve as better indicator of impact. Using the quarter mile radius will capture uses in the walkable area that are not in the same District. For example, Mission and Valencia are parallel adjacent NCDs but currently, a formula retail proposal in the Mission NCT would not evaluate uses in the Valencia NCD even though they are separated by a block. Similarly, the NC-3 zoning district on Geary Boulevard stretches over two miles. The western side of Geary is very different from the middle and eastern sides. But residents along middle Geary Boulevard are very likely to consider middle Clement Street their neighborhood. Using the quarter mile radius would seek evaluation of all walkable commercial uses from a proposed formula retailer. Again, a literal interpretation of the existing criterion may to a meaningless evaluation of formula retail throughout the "zoning district" which may include parcels as far away as those on Geary Street in the Richmond with parcels having the same zoning designation on Mission Street in the Outer Mission neighborhood.

Specifically, how the existing criteria would be evaluated. Below is a discussion of the existing criteria with the proposed changes as well as a further guidance to staff that

would be provided in the Performance-Based Review Standards. No thresholds are provided that would require staff to recommend approval or disapproval on any one criterion, rather guidance is provided to ensure review of the project, the District and the immediate area holistically.

1. **The existing concentrations of formula retail uses within ~~the district~~ a $\frac{1}{4}$ mile radius of the proposed location, (hereinafter "within a $\frac{1}{4}$ mile walk⁸⁶").** Staff will inform the Commission discussion of concentration of formula retail by providing:
 - a. A discussion of linear frontage concentration of formula retail establishments based on the Upper Market NCD and NCT methodology, adopted as policy by this Commission on April 11, 2013. Staff will be directed to calculate the concentration of formula retail linear frontage within a $\frac{1}{4}$ mile walk of the subject property. By counting linear frontage, corner parcels are more heavily weighted due to their greater aesthetic impacts.
The Department does not identify an ideal concentration threshold because it varies significantly by Neighborhood Commercial District. This variation is based on pre-existing uses, massing and use sizes and what the neighborhood demonstrates a need for.
2. **The availability of other similar retail uses within ~~the district~~ a $\frac{1}{4}$ mile walk of the proposed location.**
 - a. A discussion of similar retail uses as well as mapping their locations within a $\frac{1}{4}$ mile walk. Similar retail uses include those within the same land use category as well as retailers that provide similar goods and/or services. A comparison of similar uses and their locations will demonstrate how uses are scattered throughout the walkable area.
3. **The compatibility of the proposed formula retail use with the existing architectural and aesthetic character of the district.**
 - a. Compare the aesthetic characteristics of proposed formula retail to the nature of the district, addressing whether or not the use size is consistent with existing character, whether signage is appropriate and compatible, and whether the storefront design is more or less pedestrian-scaled than the district as a whole. Under the existing Conditional Use review, formula retail uses are subject to the same signage review as all uses. Otherwise the existing review is entirely administrative under Article 6 of the Planning Code. While the Commission and Staff can request and recommend that signage be reduced or altered to be more compatible with the District, it cannot be required, with the exception of Article 11 Conservation Districts and Known Historical Resources.

⁸⁶ Within a $\frac{1}{4}$ mile walk is defined as all parcels that are wholly or partially located within a $\frac{1}{4}$ mile radius of the subject property and are also zoned commercial or contain commercial uses.

- b. Provide discussion of the visual impact of the proposed formula retail location including identifying its place in the District (corner, anchor, recessed from street) and whether it is in a protected viewshed in the General Plan.
- c. **Apply the proposed Performance-Based Review Standards to all Formula Retail Applications.** These criteria would include specifications on how the façade appears and would include; signage, storefront transparency and pedestrian-oriented design.
 - i. **Minimized Standard Business Signage.** Signage controls exist in Article 6 of the Planning Code to protect the distinctive appearance of San Francisco and its unique geography, topography, street patterns, skyline and architectural features. These controls encourage sound practices and lessen objectionable effects in respect to the size and placement of signs. Signage creates visual impacts which play a role in the attraction of tourists and other visitors who are so important to the economy of the City and County. Signs serve as markers and create individual identities for businesses that add to the greater identity of a neighborhood and district⁸⁷. The Department recommends adoption of signage guidelines as part of the Performance-Based Review Standards that would also apply to all Conditional Use review for formula retail and that would be the focus of the proposed Performance-Based Formula Retail Review. Formula retailers going through the Conditional Use process would have to comply with these guidelines and conform to Department discretion regarding signage.
 - ii. **Maximized Storefront Transparency and Pedestrian-oriented Design.** The vitality of a district's streetscape is dependent on the existence and success of storefront business. In response to changing marketing and advertising strategies designed to draw in customers, storefronts are the most commonly altered architectural feature in commercial buildings. The purpose of storefront design standards are to protect and enhance the character of a neighborhood by encouraging storefront design that allows tenants to successfully convey their image and products, compliment the public realm and respect the architectural features of the building and character of the district⁸⁸. A transparent storefront welcomes customers inside with products and services on display, discourages crime with more "eyes on the street", reduces energy consumption by letting in natural light, and enhances curb appeal and value of the store and the entire

⁸⁷ San Francisco Planning Department, General Planning Information, Signs, November 2012.

⁸⁸ San Francisco Planning Department, Design Standards for Storefronts for Article 11 Conservation Districts, Draft November 2012.

neighborhood⁸⁹. The Planning Department strives to ensure that tenant spaces remain transparent to the exterior, contribute to the activity of the public realm and do not evolve into de facto sign boards for tenants. Planning Code Section 145.1(c)(6) requires that "frontages with active uses that are not residential or PDR must be fenestrated with transparent windows and doorways for no less than 60 percent of the street frontage at the ground level and allow visibility to the inside of the building". While this code section is reviewed as part of the Conditional Use review process for formula retail uses, businesses are not required to alter their storefronts to meet the Code requirement. In most cases, a business will occupy an existing storefront that does not meet the requirement and cannot make significant alterations to a potential historic resource. However, if the existing storefront has opaque glazing or security gates or grillwork that obscures visibility, adoption of the Performance-Based Review Standards would require altering the storefront, where possible, to meet the Code requirement.

4. **The existing retail vacancy rates within the district.**
 - a. Identify current vacancy rates in district and historic vacancy rates, as this information becomes available in the future.
 - b. Identify commercial spaces that are long term vacancies and analyze potential factors contributing to long term vacancies
5. **The existing mix of Citywide-serving retail uses and ~~neighborhood-serving-daily~~ needs serving retail uses within the district a ¼ mile walk of the proposed location.**

This criterion in particular seems to be difficult to interpret and apply consistently. The Code has an existing definition of "neighborhood serving" but no definition of "citywide-serving". As NCDs are intended to serve the daily needs of the neighborhood residents' daily needs serving retailers are those that provide goods and services that residents want within walking distance of their residence or workplace. To apply the principles behind this criterion and the intent of NCDs, the Department recommends changing the criterion as follows:

 - a. Establish a definition of "Daily Needs" with the following use types as adopted in the Implementation Document.⁹⁰ The Department cautions against codified this definition as resident needs are evolving and the intent of the Implementation Document is to be responsive to these changes. For example, if Wells Fargo filed a Conditional Use application and it was found that the neighborhood lacked

⁸⁹ San Francisco Planning Department, Standards for Storefront Transparency, Planning Code Requirements for Commercial Businesses, November 2013.

⁹⁰ Corresponding definitions apply to zoning districts within Article 8 of the Planning Code.

financial services, Wells Fargo would be providing a daily needs serving use and be more desirable.

1. Limited Restaurant, as defined by Planning Code Sec. 790.90
2. Specific Other Retail, Sales and Services as defined by the following subsections of Planning Code Sec. 790.102
 - (a) General Grocery;
 - (b) Specialty Grocery;
 - (c) Pharmaceutical drugs and personal toiletries;
 - (e) Self-service Laundromats and dry cleaning;
 - (f) Household goods and services;
 - (g) Variety merchandise, pet supply stores and pet grooming services;
 - (l) Books, music, sporting goods, etc.
3. Personal services, as defined by Planning Code Sec. 790.116
4. Limited Financial Service (Planning Code Sec. 790.1120) and/or Financial Service (Planning Code Sec. 790.110)
5. Specific Trade Shops as defined by the following subsections of Planning Code Sec. 790.124
 - (1) Repair of personal apparel, accessories, household goods, appliances, furniture and similar items, but excluding repair of motor vehicles and structures;
 - (6) Tailoring

- b. Evaluate the provision of daily needs for the 1/4-mile radius in relation to the district's defined intent. If the district is intended only to support residents, the mix of uses should reflect that. Conversely, if it is to meet wider shopping or tourist needs, the mix of uses and retailers should reflect that.

B. Look more closely at Super Stores with an economic impact report. Require an economic impact report for big box retail uses that are over 50,000 sf in most districts and that are over 120,000 sf in the C-3 district. Super Stores or Big Box Stores are physically large retail establishments and usually part of a chain that would be considered a formula retail use. Shared characteristics of Super Stores include:

- Large, free-standing, rectangular, generally single-floor structures;
- Structures that sit in the middle of a large parking lot that is meant to be vehicle accessible rather than pedestrian accessible⁹¹;
- Floor space several times greater than traditional retailers in the sector allowing for a large amount of merchandise⁹².

⁹¹ Douglas Kelbaugh, *Repairing the American Metropolis*, USA: University of Washington Press (2002) page 165

⁹² CQ Researcher: Big-Box Stores. September 10, 2004.

These Super Stores can generally be broken into two categories: general merchandise, which includes stores like Walmart and Target that sell a wide variety of goods and products and specialty stores, such as Best Buy, that focus on a specific type of product, such as technology. Conventionally, super stores are generally more than 50,000 square feet and sometimes approach 200,000 square feet. In San Francisco, single retail uses over 50,000 gross square feet require a Conditional Use authorization in all but the C-3 Zoning District. Single retail uses over 90,000 gross square feet are only permitted in some C-3 zoned areas and require a Conditional Use authorization. Uses over 120,000 gross square feet are prohibited in all but the C-3 Zoning District⁹³. Existing large single-retail uses in San Francisco include the Target at City Center and Costco, which are both approximately 120,000 square feet. The Target at Fourth and Mission is approximately 85,000 square feet. Both Best Buy locations in San Francisco are approximately 50,000 square feet⁹⁴.

Super Stores can affect the local economy in a variety of ways. They initially bring an influx of jobs to an area, due to the size of their operation compared to small businesses. However, this gain can be nullified over time as smaller businesses are put out of business because of their inability to match the low pricing and wide variety of a super store. A 2005 study found that the opening of a Walmart saw, on average, a 2.7 percent reduction in retail employment in the surrounding County⁹⁵. In terms of tax revenue, studies indicate that mixed-use is the most beneficial to the economy and big-box retailers do not significantly help the economy⁹⁶. The standard for a super store (a large, single-floor structure), does not yield the same multiplier effect that comes from vertical expansion that can be seen in a dense mixed-use development.

In order to fully evaluate the impact of such a use, the Department recommends requiring a thorough economic impact report as part of the Conditional Use review of

⁹³ San Francisco Planning Code Section 121.6. Uses over 120,000 gross square feet that sell groceries, contain more than 20,000 Stockpiling Units (SKUs); and devotes more than 5% of its total sales floor area to the sale of non-taxable merchandise are prohibited in San Francisco.

⁹⁴ Best Buy on Harrison Street is approximately 46,743 square feet and Best Buy at City Center is approximately 55,000 square feet.

⁹⁵ David Neumark, Junfu Zhang and Stephen Circcarella. National Bureau of Economic Research, "The Effects of Wal-Mart on Local Labor Markets" (2005). Page 28 Retrieved from <http://www.nber.org/papers/w11782.pdf>

⁹⁶ Philip Langdon. New Urban News, "Best bet for tax revenue: mixed-use development downtown" (2010) Retrieved from <http://bettercities.net/article/best-bet-tax-revenue-mixed-use-downtown-development-13144>

any proposed Super Store. The economic impact report would include specified assessments and projections, including, 1) an assessment of the effect that the proposed superstore will have on retail operations and employment in the same market area, including construction-related employment; 2) an estimation of change in sales tax to be paid to the City; specifying if the change would be a net increase or decrease; 3) a projection of the costs of public services and public facilities resulting from the construction and operation of the proposed superstore and the incidence of those costs, including the cost to the state, city, or county of any public assistance that employees of the proposed superstore will be eligible for based on the wages and benefits to be paid by the proposed superstore; 4) a leakage study to determine if the superstore would be recapturing sales that are currently occurring outside the City; and 5) a multiplier study to estimate change whether an increase or decrease in recirculation of local dollars could be expected. This work shall be paid for by the applicant and shall be completed under the direction of Planning Department staff by an economic consultant firm identified as a pre-qualified firm by the City Office of Controller.

4. Create a Performance-Based Formula Retail Administrative Review process for aesthetic review of less impactful formula retail, while still providing for the option of full Conditional Use authorization when a project is controversial.

The goal of Performance-Based Formula Retail Review is to allow for a focused review of aesthetic impacts and performance where a formula retail establishment has already been authorized⁹⁷ for the site; where the use is not expanding in size nor changing use category; and where the project itself is not controversial. If a formula retail conditional use has already been granted at the site, the Commission has already established the compatibility of formula retail use at this location. Therefore, the Administrative Review process would center on the Performance-Based Review Standard for criteria three regarding aesthetic compatibility (Sec. 303(i)(3)(C) in the proposed Ordinance). As discussed earlier in Recommendation 3, the Department proposes enriching this review to require specifics for signage, storefront transparency and pedestrian design standards that would apply to formula retailers that are eligible for the Performance-Based Review. However, if there is controversy around the project and after public notice a member of the public or a Commissioner would request a Discretionary Review hearing, then the Commission hearing

⁹⁷ The Performance Based Formula Retail Review process would not apply to grandfathered formula retail establishments that pre-date the current formula retail controls. If a formula retail establishment that did not receive Conditional Use authorization is changing to another formula retail establishment, regardless of use category, a full Conditional Use review and hearing would be required. The proposed formula retail establishment would be treated as a new formula retail use. For example, if the McDonald's on Haight Street wanted to change to a Burger King, a new formula retail Conditional Use application would be required because the original McDonald's did not procure a Conditional Use to operate a formula retail use at that site.

would focus on the full criteria that would be apply under a traditional Conditional Use authorization for formula retail (Section 303(i)(3)(A-H)⁹⁸) in the proposed Ordinance).

Minimized Standard Business Signage. As described earlier, the Department recommends adoption of signage guidelines as part of the Performance-Based Review Standards for all formula retail. Even projects that would go through this administrative process should be reviewed to confirm that the site meets the Commission's newly adopted Standards. Formula retailer that opts for the Performance Based Review would have to comply with these guidelines and conform to Department discretion regarding signage.

Storefront Transparency and Pedestrian design is maximized. As mentioned earlier, while this code section is reviewed as part of the existing Conditional Use review process for formula retail uses, businesses are not required to alter their storefronts to meet the Code requirement. Adding this requirement to the Performance-Based Formula Retail Review would enable the Department to ensure that the entitlement is not granted until the property meets this requirement.

Process. Formula retailers who qualify for the Performance Based Formula Retail Review would be required to conduct a Pre-Application meeting prior to filing their Performance Based Formula Retail Review application with the Department. A Performance Based Review is examined by staff to ensure compliance with the objectives above. A draft letter is written informing the applicant of the recommendation and any recommended conditions of approval. A public notice is mailed to the Planning Commission and neighborhood groups and the notice is posted at the Project Site. The posted notice would inform the public of the type of application, and an expiration date for the notice with instructions on how to request a hearing if desired. Any interested party may requests a Discretionary Review hearing, in writing, up to 5pm on the date of notice expiration. If a request for public hearing is made, the item will be scheduled for hearing before the Planning Commission. The hearing would require its own mailed and posted notice for the hearing and the Commission may consider not only the aesthetic compatibility criteria (Section 303(i)(3)(C) in the proposed Ordinance) per the Administrative Review, but also all of the proposed criteria (Section 303(i)(3)(A-H) in the proposed Ordinance) at the hearing.

Apply the Aesthetic Criteria from the Commission's Performance-Based Formula Retail Standards for Changes of formula retail tenants that retain the same size and use category.

⁹⁸ These criteria in the proposed ordinance would be: (A) The existing concentrations of formula retail uses within a ¼ mile of the proposed project. (B) The availability of other similar retail uses within a ¼ mile of the proposed project. (C) The compatibility of the proposed formula retail use with the existing architectural and aesthetic character of the district. (D) The existing retail vacancy rates within a ¼ mile of the proposed project. (E) The existing mix of Citywide-serving retail uses and neighborhood daily needs-serving retail uses within a ¼ mile of the proposed project the district. (F) Additional relevant data and analysis set forth in the Performance Review Standards adopted by the Planning Commission. (G) If required by Section 303(j) for Large Retail Uses, preparation of an economic impact study. H) Notwithstanding anything to the contrary contained in Planning Code Article 6 limiting the Planning Department's and Planning Commission's discretion to review signs, the Planning Department and Planning Commission may review and exercise its discretion to require changes in the time, place and manner of the proposed signage for the proposed formula retail use.

Conditional Use authorizations are land use entitlements that correspond to a parcel. Formula retail uses have been interpreted in the Planning Code to be a separate, unique land use category in its own right and therefore a new Conditional Use is required upon the change of operator. The Planning Code currently requires new Conditional Use authorization when there is any change of formula retail use. For example, Tully's Coffee on Cole Street was converted to a Peet's Coffee with no change in use size or use category (limited restaurant), yet a new Conditional Use was required⁹⁹. This is a common occurrence in City's shopping centers (Lakeshore Plaza, City Center at Geary and Masonic and 555 9th Street shown in Figure 3, Figure 4 and Figure 5). These shopping centers have formula retail controls in place but are almost entirely occupied by formula retail tenants and have essentially always been that way. They share similar large scale massing, parking lots and are oriented internally, away from pedestrian and street activity.

Even though these shopping centers are known for formula retail and considered appropriate locations for formula retail, as evidenced by the lack of Conditional Use disapproval at these locations, every time there is a change of tenant, the new formula retail tenant is required to seek new Conditional Use authorization. Formula retail uses in Neighborhood Commercial and mixed use districts that have been granted a Conditional Use authorization have already been evaluated for use and visual compatibility. Requiring a new Conditional Use for each tenant change adds to the cost of doing business, as review and processing time is significant. This expense is justified when there could be a negative impact to the neighborhood. However, for sites where the formula retail use has already been authorized; where homogenization of the neighborhood character has been addressed through the Performance-Based Review Criteria for aesthetic considerations; and where the project, itself is deemed to not be controversial as no DR hearing was requested, the Department recommends using this new Administrative Formula Retail Review rather than the full Conditional Use review. The Administrative Review would be a reduced process that focuses on increasing people-centered design and decreasing a homogenized aesthetic while maintaining a balance of uses, as use category changes would not be permitted to go through the reduced process. The Administrative Review includes the performance-based standards for sign controls, transparency and fenestration controls and urban design controls designed to allow already permitted uses to continue operating as formula retailers as well as addresses the need for visual improvements in the future.

⁹⁹ Case No. 2012.1507C at 919 Cole Street, heard on April 18, 2012, Planning Commission Motion No. 18847 http://50.17.237.182/docs/Decision_Documents/CPC_Motions_and_Resolutions/18847.pdf



Figure 3: Rendering of City Center at Geary and Masonic. Recently, the Commission approved multiple Conditional Use authorizations for this site without controversy. This site can be expected to see additional tenant turn-over in the future and may not benefit from review beyond aesthetic compatibility.



Figure 4: Aerial view of the Power Center at 555 9th Street. The Planning Commission considered an ordinance [BF 120083] that would have allowed formula retail uses without the need for Conditional Use authorization in 2012. At that time, the Commission expressed general comfort with formula retail use but desired capacity to improve the aesthetic functions of this site and improve the pedestrian orientation. See Commission Resolution 18581. The Administrative Review process proposed in this document seeks to provide the commission with this capacity while removing unneeded review for the larger Conditional Use process.

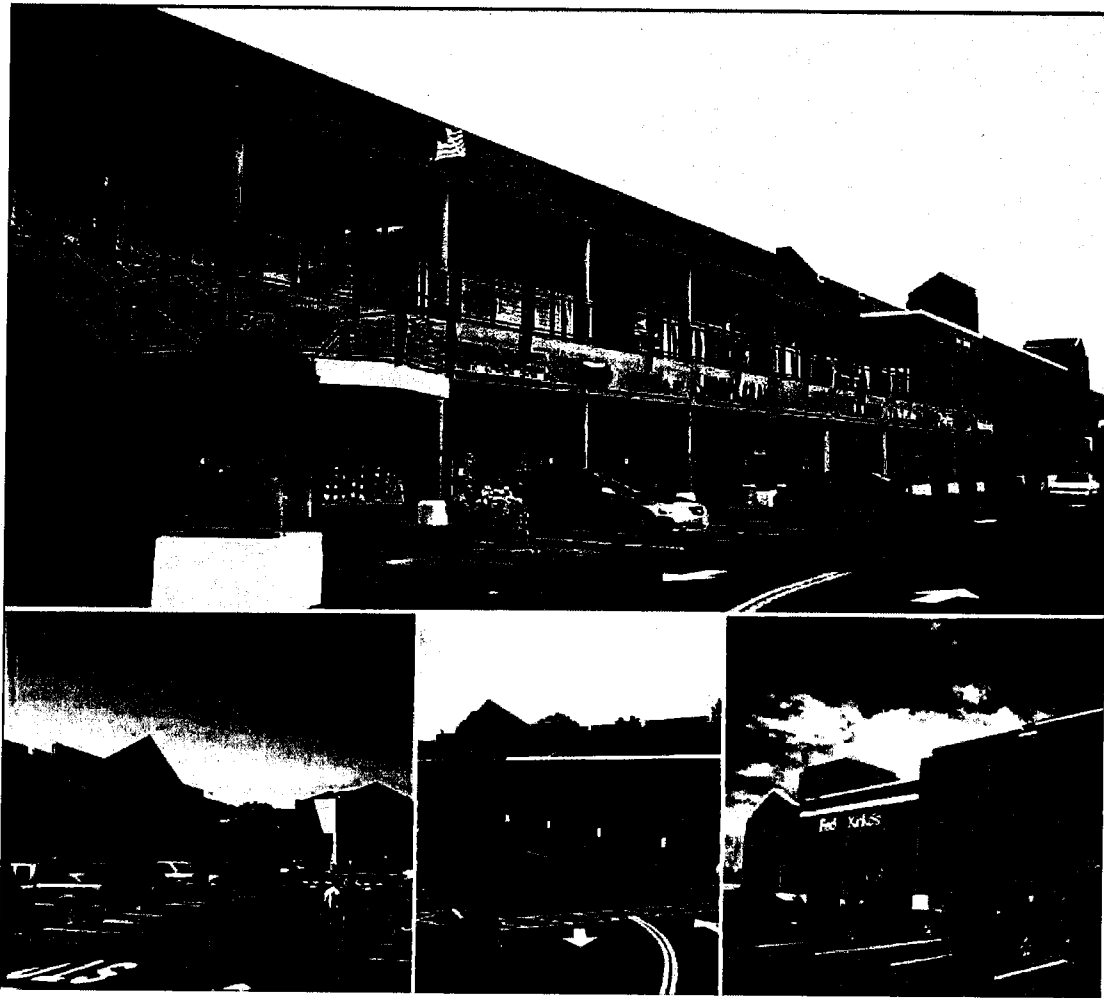


Figure 5: Lakeshore Plaza at 1501 Sloat Boulevard. This is another site that frequently experiences turnover in formula retail tenants and rarely do those entitlements engender opposition. When there is controversy, however, the proposed Administrative Review, could be elevated to a hearing before the Commission that would all the Commission full discretion on the project.

5. Small Business Support

Small businesses contribute significantly to the unique neighborhood character of each district. The Department recommends further outreach and education to maximize utilization of OWED programs to support neighborhood serving businesses.

Utilization of Office of Economic and Workforce Development (OEWD) resources. The Mayor's Office of Economic and Workforce Development offers small business support services intended to make them more competitive with formula retailers. These programs include:

- **Jobs Squad:** A two member team of City staff that conducts door to door outreach to small businesses around the City to connect them with help and information.
- **Technical Assistance Programs.** OEWD, the Small Business Assistance Center in City Hall, and OEWD-funded nonprofit organizations offer technical assistance to entrepreneurs seeking to launch, expand, or stabilize their small business. They also offer legal and leasing assistance.
- **Small Business Loan Programs.** OEWD and its partners offer a variety of loan programs to entrepreneurs seeking to launch, expand or stabilize their business. Loans can range from \$5,000 to \$1,000,000.
- **SF Shines Façade & Tenant Improvement Program.** SF Shines helps businesses in targeted corridors upgrade their storefront exterior and interior space by providing funding and staff support for design, project management, and construction.
- **Biz Fit SF.** Biz Fit SF provides focused assistance in targeted corridors to existing retailers and restaurants that may be at risk of displacement.
- **Healthy Retail SF.** Healthy Retail SF provides technical assistance in targeted corridors to retailers seeking to increase access to healthy foods.
- **Storefront SF.** Storefront SF is a free internet tool for entrepreneurs seeking to lease or purchase storefront retail space to launch or expand their business.

ENVIRONMENTAL REVIEW

The proposed Ordinance and procedural changes are not defined as a project under CEQA Guidelines Sections 15378 and 15060(c)(2) because the proposal does not result in a physical change in the environment.

PUBLIC COMMENT

The Department conducted extensive public outreach as part of the Department's Study and resulting policy recommendations. The Department has received formal written comments from the following individuals and organizations:

- Coblentz Patch Duffy & Bass LLP, representing the Power Center located at 555 Ninth Street
- The Haight Ashbury Merchants Association
- 48 letters from commercial retail brokers
- Duboce Triangle Neighborhood Association
- Adriano Paganini, owner of Super Duper Burger and six other San Francisco restaurants
- Small Business Commission
- Tom Radulavich, Livable Cities
- Stacy Mitchell, Institute for Local Self-Reliance
- Small Business Commissioner Kathleen Dooley

The Department created a list of stakeholders with input from the Mayor's Office, the Office of Economic and Workforce Development and the Board of Supervisors. The stakeholders included representatives from local neighborhood organizations, merchant organizations, commercial realtors and brokers, formula retailers, independent retailers, the Chamber of Commerce, the Small Business Commission and the Planning Commission. Focus group meetings were conducted in January, March, and May of 2014.

The Department created and maintained a website "Planning Study of Formula Retail" at www.sf-planning.org/formularetail. Any interested party was able to sign up for updates on the Department's Study and resulting policy recommendations via this website. There are approximately 132 subscribers receiving updates from this website.

In addition to public comment received through the focus group process and inquiries from the website, there have been four public hearings at the Planning Commission intended to gather additional public comment. Hearings were held in July 2013 and January, February and April 2014.

RECOMMENDATION:	Recommendation of Initiation of Proposed Ordinance and Consideration of Adoption of Proposed Ordinance on or after June 5, 2014.
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Attachments:

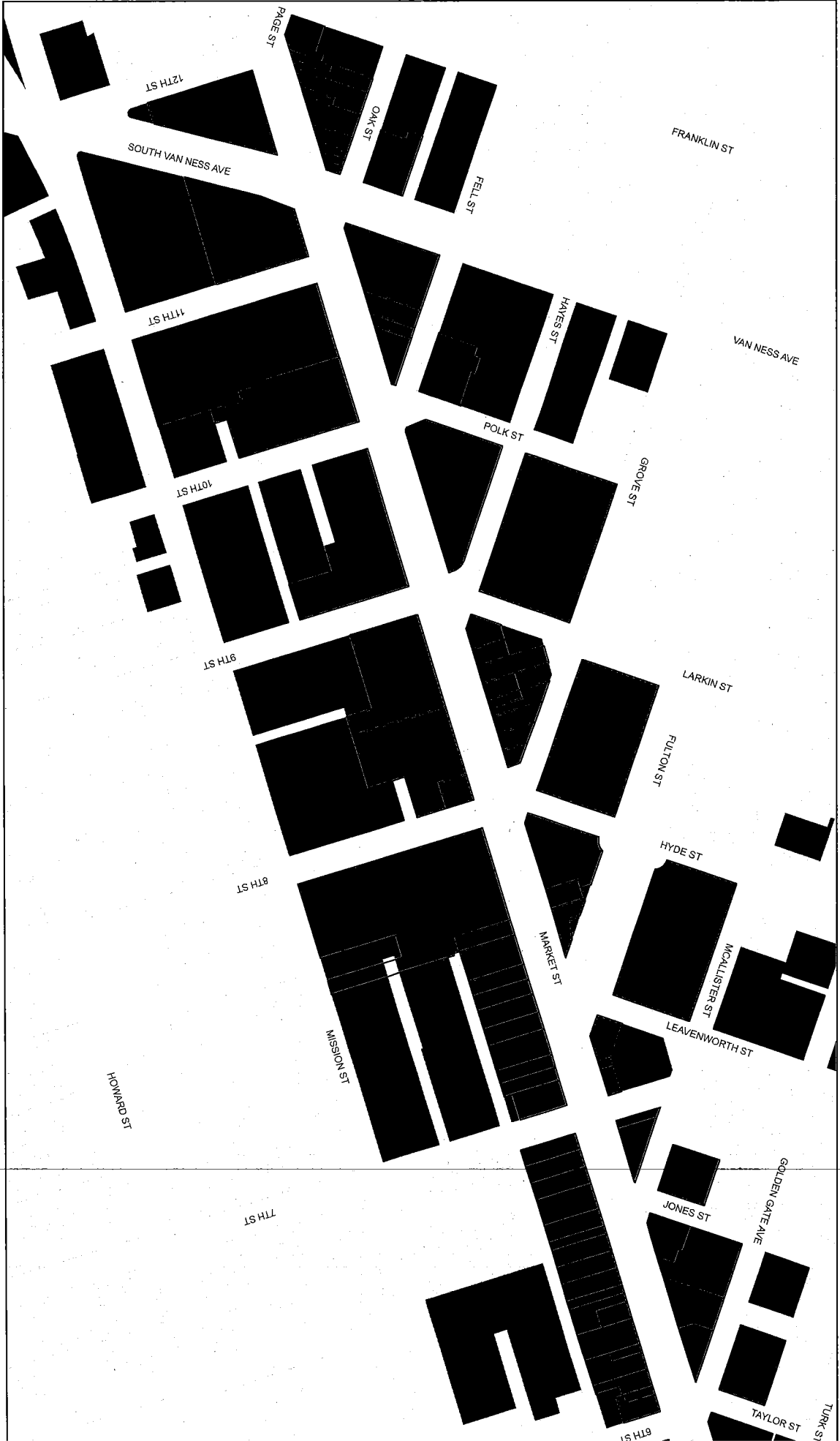
Market Street Map
San Francisco Planning Department, General Planning Information, *Signs*
San Francisco Planning Department, *Design Standards for Storefronts for Article 11 Conservation Districts*
San Francisco Planning Department, *Standards for Storefront Transparency*
Public Comment

EXHIBIT A

Market Street Parcels

ZONING DISTRICT
■ C-3-G
■ P

1,000 Feet





**SAN FRANCISCO
PLANNING
DEPARTMENT**

GENERAL PLANNING INFORMATION

Signs

Planning Department
1650 Mission Street
Suite 400
San Francisco, CA
94103-9425

T: 415.558.6378
F: 415.558.6409

Date:
November 2012

Subject:
Sign Controls, Planning Code Article 6

Introduction

The San Francisco General Plan sets forth a comprehensive set of policies that intend to guide, control, and regulate growth and development. Zoning law which implements these principles are codified in the San Francisco Planning Code in order to promote and protect public health, safety, peace, morals, comfort, convenience and general welfare of San Francisco and its residents. Sign controls are found predominately in Article 6 of the Planning Code and exist for the following reason:

- To safeguard and enhance property values in residential, commercial and industrial areas.
- To protect public investment in and the character and dignity of public buildings.
- To protect open spaces and thoroughfares.
- To protect the distinctive appearance of San Francisco due to its unique geography, topography, street patterns, skyline and architectural features.
- To provide an environment that promotes the development of business in the City.
- To encourage sound practices and lessen objectionable effects in respect to size and placement of signs.
- To aid in the attraction of tourists and other visitors who are so important to the economy of the City and County.
- To reduce hazards to motorists and pedestrians traveling on the public way; and thereby to promote the public health, safety and welfare.

In order to accomplish the purposes stated above, a permit is required to install, replace, reconstruct, expand, intensify, or relocate any sign unless it is specifically exempted from the regulations. Signs must conform to the provisions set forth in Article 6 and other applicable sections of the Planning Code.

Sign Definitions

Definition of a Sign

A sign is defined as any structure, part thereof, or device or inscription which is located upon, attached to, or painted, projected or represented on any land or right-of-way, or on the outside of any building or structure including an awning, canopy, marquee or similar appendage, or affixed to the glass on the outside or inside of a window so as to be seen from the outside of the building, and which displays or includes any numeral, letter, word, model, banner, emblem, insignia, symbol, device, light, trademark, or other representation used as, or in the nature of, an announcement, advertisement, attention-arrester, direction, warning, or designation by or of any person, firm, group, organization, place, commodity, product, service, business, profession, enterprise or industry.

Business Sign

A sign which directs attention to a business, commodity, service, industry or other activity which is sold, offered, or conducted, other than incidentally, on the premises upon which such sign is located, or to which it is affixed.

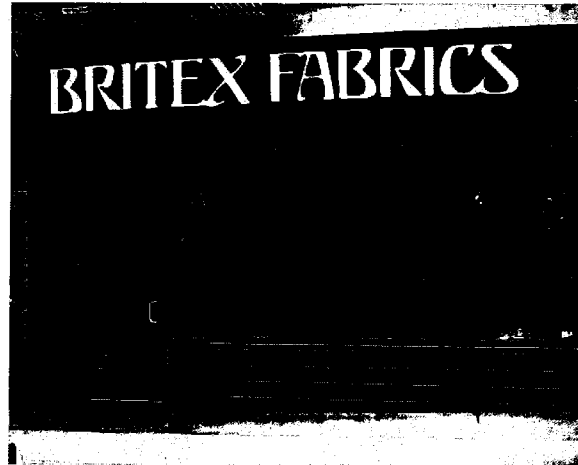
Identifying Sign

An identifying sign is a sign for a use listed in Article 2 of the Planning Code as either a principal or a conditional use permitted in an R District, regardless of the district in which the use itself may be located. Such sign serves to tell only the name, address and lawful use of the premises upon which the sign is located, or to which it is affixed. A bulletin board of a public, charitable or religious institution, used to display announcements relative to meetings to be held on the premises, shall be deemed an identifying sign.

General Advertising Sign

A General Advertising Sign is a sign, legally erected prior to the effective date of Section 611 of the Planning Code, which directs attention to a business, commodity, industry or other activity which is sold, offered or conducted elsewhere than on the premises upon which sign is located, or to which it is affixed, and which is sold, offered or conducted on such premises only incidentally if at all.

No new general advertising signs shall be permitted at any location within the City and County of San Francisco as of March 5, 2002, when voters approved Proposition G.



Example of a business sign



Example of an identifying sign



Example of a general advertising sign

Automobile Service Stations

There are special standards for automobile service stations. Generally two oil company signs are permitted per site with varying height and area determined by proximity to a property line and the zoning district the property is located in.

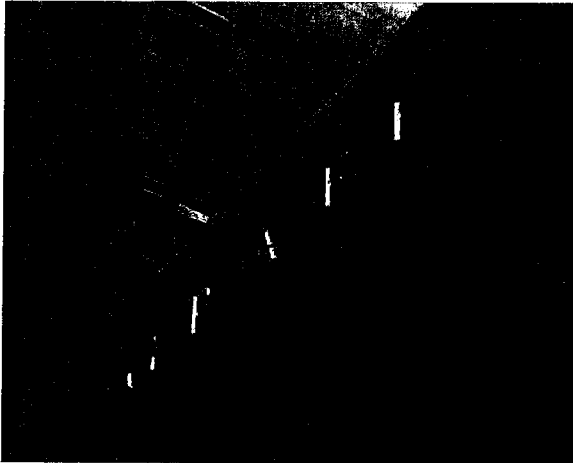
Nonconforming Sign

If a sign was lawfully installed but no longer conforms to the requirements of the Planning Code, it may continue to remain but can not be replaced, intensified, or expanded in any way except to conform to current standards. A change in copy of a nonconforming sign is only allowed if it is for the same business, otherwise it would be considered a new sign and would need to be made conforming. A nonconforming sign that is voluntarily removed may not be replaced. However, if a sign is destroyed by fire or other calamity it may be replaced subject to the criteria set forth in Sections 181(d) and 188(b) of the Planning Code.



Example of a gas station, free standing sign

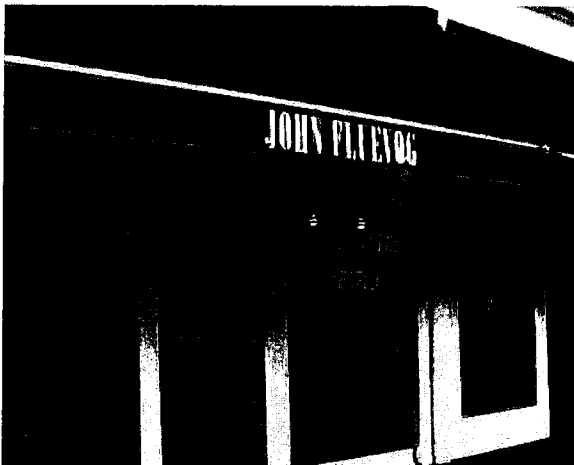
Sign Types



Example of a wall sign



Example of a projecting sign



Example of an awning sign

Wall Sign

A sign painted directly on the wall or placed flat against a building wall with its copy parallel to the wall to which it is attached and not protruding more than the thickness of the sign cabinet. The sign cabinet can not be thicker than necessary to accommodate the electrical box. This is thought to be no more than one foot. One must show such necessity to provide an electrical box thicker than one foot.

A window sign could be a wall sign if the wall is completely made of glass. Typically wall signs are located above the storefront transom. Wall signs consisting of individual letters mounted to the building facade are encouraged; large, opaque sign panels behind individual letters are discouraged.

Wall signs should be centered on horizontal surfaces, within bays or over storefront openings and should not extend above, below, or beyond the storefront the related business occupies.

Projecting Sign

A projecting business sign extends beyond a street property line or a building setback line. A sign placed flat against a wall of a building parallel to a street or alley shall not be deemed to project for purposes of this definition. A sign on an awning, canopy or marquee shall be deemed to project to the extent that such sign extends beyond a street property line or a building setback line.

Sign on Awnings or Marquees

A sign on an awning or marquee is another type of a projecting sign. Awnings, canopies and marquees are defined in Article 7 of the Planning Code, and regulated by Section 136.1 of the same code, and they may not be allowed in certain zoning districts.

A sign on an awning, canopy or marquee shall be considered to project to the extent that such sign extends beyond a street property line or a building setback line. Since awnings and marquees have many faces, all sign copy on each face shall be computed within one rectangular perimeter formed by extending lines around the extreme limits of writing, representation, or any figure of similar character depicted on the surface of the face of the awning or marquee.

Window Sign

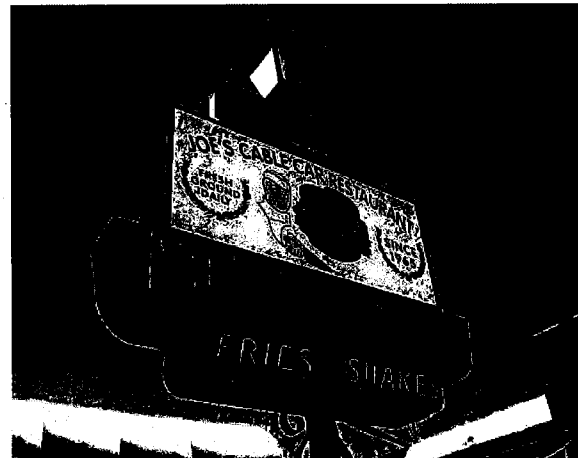
A sign painted directly on the surface of a window glass or placed in front of or behind the surface of a window glass. Generally frontages with active uses that are not residential or PDR must be fenestrated with transparent windows and doorways for no less than 60 percent of the street frontage at the ground level and allow visibility to the inside of the building. The installation of any window sign must comply with these transparency requirements.



Example of a window sign

Freestanding Sign

A freestanding sign is supported by columns or post and is in no part supported by a building. Height limitations for freestanding signs vary by zoning district. Freestanding signs for automobile service stations have separate and distinct regulations from other freestanding business signs.



Example of a freestanding sign

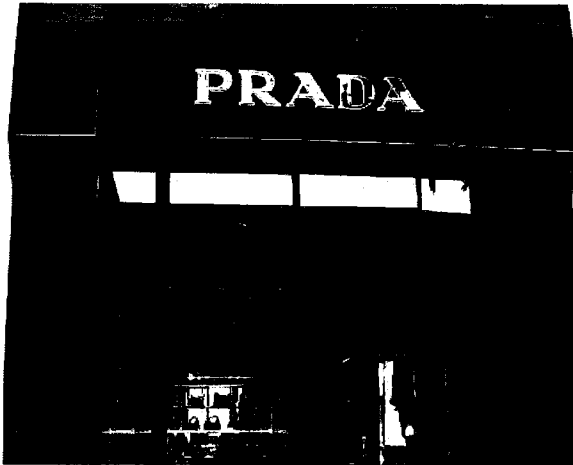
Roof Sign

A sign or any portion thereof erected or painted on or over the roof covering any portion of a building, and either supported on the roof or on an independent structural frame or sign tower, or located on the side or roof of a penthouse, roof tank, roof shed, elevator housing or other roof structure.

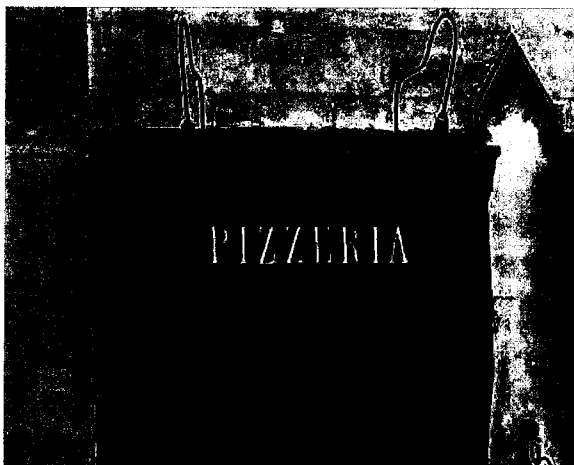


Example of a roof sign

Illumination



Example of a nonilluminated sign



Example of an indirectly illuminated sign



Example of a directly illuminated sign

The character of signs and other features projecting from buildings are an important part of the visual appeal of a street and the general quality and economic stability of neighborhoods. Opportunities exist to relate these signs and projections more effectively to street design and building design.

Physical characteristics of signs set them apart. Whether signs are directly illuminated, indirectly illuminated, nonilluminated, projecting, single or multiple, at the appropriate height or contained in the adequate area, the physical features set signs apart not only from each other, but also from where they are or not allowed.

Methods and Standards of Illumination

- Signs should appear to be indirectly illuminated.
- Text logos should be individually illuminated.
- Lighting conduits should be internal and not visible.
- Signs should have an opaque background that does not transmit light with the text and logos individually illuminated.
- There should be no flash or display animation, or moving text on a sign.
- In order to reduce the depth and profile of a sign, the transformer should be located in a remote location and not housed within the sign itself.
- A sign may also be reduced in profile or depth by using a light emitting diodes ("LED") method of illumination. For more information on LED lighting, please contact your sign contractor.

Nonilluminated Sign

A sign which is not illuminated, either directly or indirectly.

Indirectly Illuminated Sign

A sign illuminated with a light directed primarily toward such sign and so shielded that no direct rays from the light are visible elsewhere than on the lot where said illumination occurs. If not effectively so shielded, such sign shall be deemed to be a directly illuminated sign.

Directly Illuminated Sign

A sign designed to give forth artificial light directly (or through transparent or translucent material) from a source of light within such sign, including but not limited to neon and exposed lamp signs.

How to Measure Signs

Area of a Sign

The entire area within a single continuous rectangular perimeter formed by extending lines around the extreme limits of writing, representation, emblem, or any figure of similar character, including any frame or other material or color forming an integral part of the display or used to differentiate such sign from the background against which it is placed; excluding the necessary supports or uprights on which such sign is placed but including any sign tower. Where a sign has two or more faces, the area of all faces shall be included in determining the area of the sign, except that where two such faces are placed back to back and are at no point more than two feet from one another, the area of the sign shall be taken as the area of one face if the two faces are of equal area, or as the area of the larger face if the two faces are of unequal area.

Height of a Sign

Vintage Signs, Signs on Historic Buildings & Signs in Historic Districts

Signs proposed for installation on historical, architectural and aesthetic landmarks, as well as in any historic or conservation district are subject to specialized review concerning design, materials, placement and number, and methods of illumination and attachment. Sign permits in historic districts must be accompanied by an Administrative Certificate of Appropriateness Application and sign permits in conservation districts must be accompanied by a Minor Permit to Alter Application.

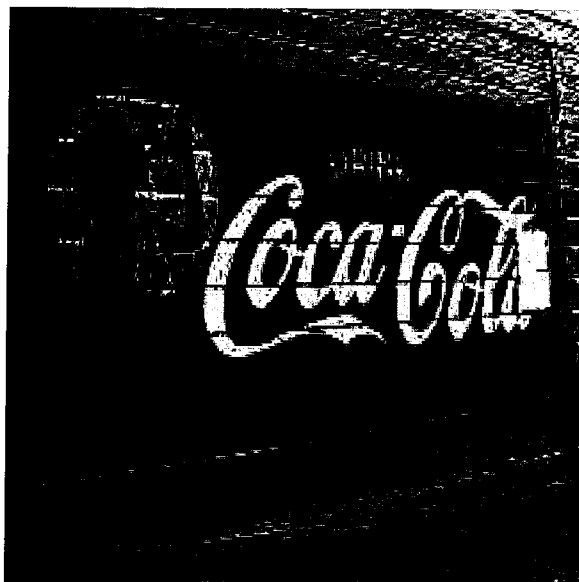


Example of a historic sign

Historic Sign and Historic Sign Districts

A historic sign is a sign which depicts a land use, a business activity, a public activity, a social activity or historical figure or an activity or use that recalls the City's historic past, as permitted by Sections 303 and 608.14 of the Planning Code.

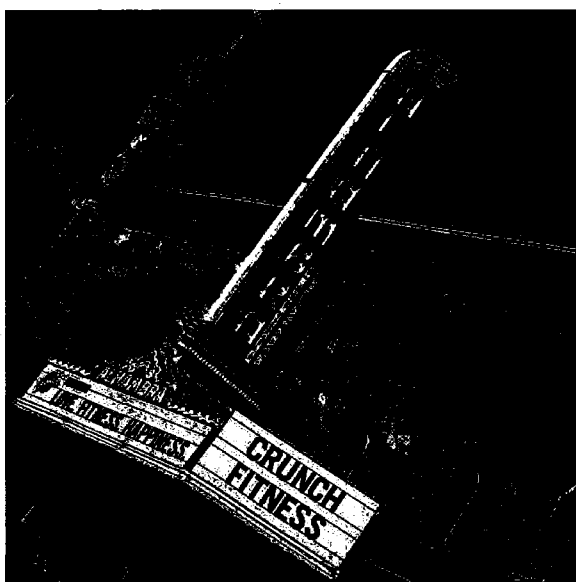
A historic sign district is a specific geographic area depicted on the Zoning Map of the City and County of San Francisco, pursuant to Section 302 of this Code, within which historic signs may be permitted by Conditional Use authorization by the Planning Commission pursuant to Sections 303 and 608.14 of the Planning Code.



Example of a vintage sign

Vintage Signs

Signs which depict in text or graphic form a particular residential, business, cultural, economic, recreational, or other valued resource which is deemed by the Planning Commission to be a cultural artifact that contributes to the visual identity and historic character of a City neighborhood can be designated and shall be considered a vintage sign and allowed to be restored, reconstructed, maintained and technologically improved on a property by Conditional Use authorization of the Planning Commission.



Example of a historic movie theater sign

Historic Movie Theater Projecting Sign

A Historic Movie Theater Sign is a projecting business sign attached to a Qualified Movie Theater, as defined in Section 188(e)(1) of the Planning Code. Such signs are typically characterized by (i) perpendicularity to the primary facade of the building, (ii) fixed display of the name of the establishment, often in large lettering descending vertically throughout the length of the sign; (iii) a narrow width that extends for a majority of the vertical distance of a building's facade, typically terminating at or slightly above the roofline, and (iv) an overall scale and nature such that the sign comprises a significant and character defining architectural feature of the building to which it is attached.

Historic Movie Theater Marquee Sign

A Historic Movie Theater Marquee Sign is a marquee, as defined in Section 790.58, attached to a Qualified Movie Theater, as defined in Section 188(e)(1).

Signs within Article 11 Conservation Districts

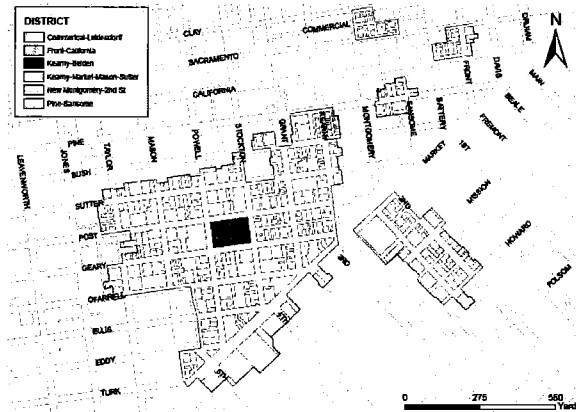
Introduction

Signs are a vital part of all Downtown businesses. They serve as markers and create individual identities for businesses. Storefront signs are often the most common feature to be modified.

Article 11 of the Planning Code is the basic law governing preservation of buildings and districts architectural importance in the C-3 Districts (mostly downtown) of San Francisco.

These following standards are based on the Secretary of the Interior's Standards for the Treatment of Historic Properties and are meant to provide tenants and property owners with clear design guidance for all new commercial signs. Conformance with these standards authorizes the Department to administratively approve signage without a Historic Preservation Commission public hearing. Please note that the Sign Standards will be used by the Department to evaluate all new sign permit applications and while only those proposals that meet the standards will be approved, the Department will review all proposals on a case-by-case basis.

The information within this document is divided into general requirements for all signs and those requirements that are specific to each type. The general requirements address materials, methods of attachments, and methods of illumination. Additional requirements by sign type are outlined to address size, number, and location. All subsections are meant to provide clear instructions to meet the minimum requirements of this document. There are also images to serve as examples and to better express the intent of the standards.

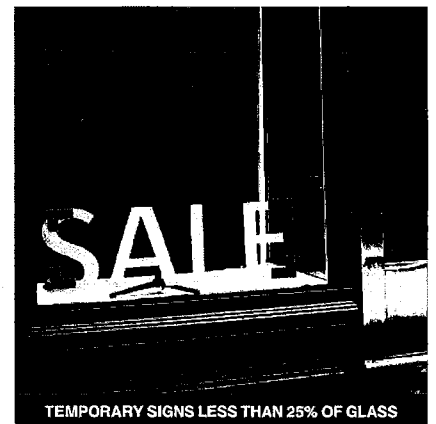
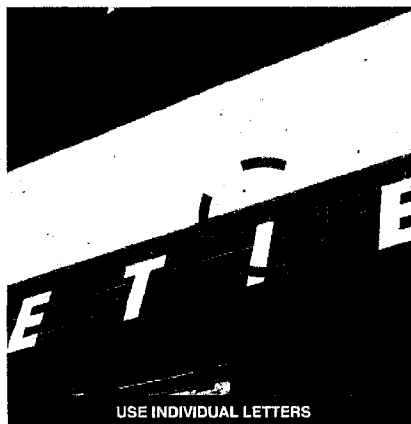
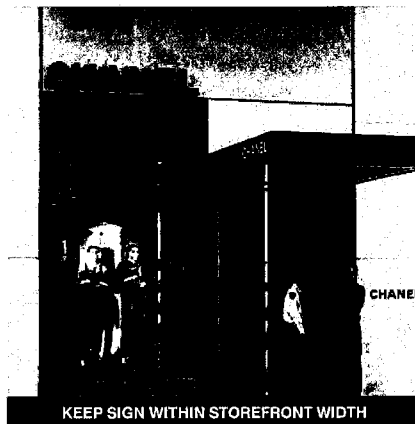
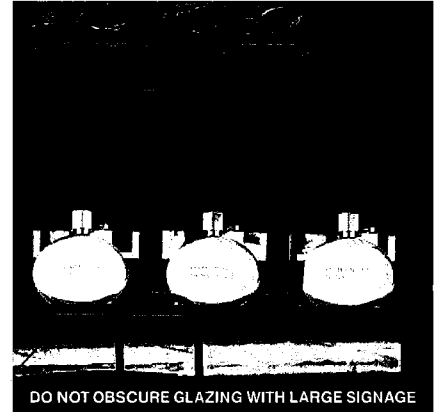
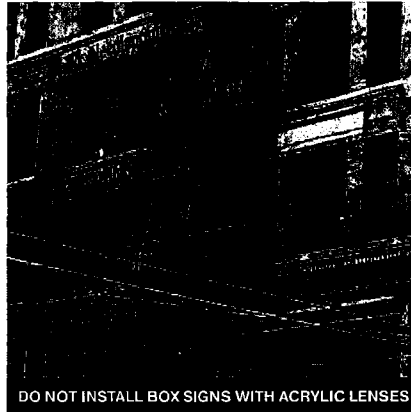
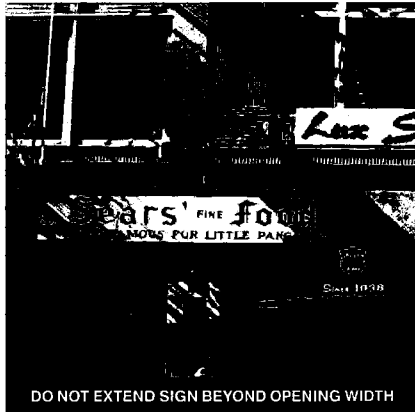


Map of Downtown Article 11 Historic Districts



The purpose of this document is to avoid overwhelming and confusing streetscapes as shown above. In this example the signs and awnings do not correspond well to the appropriate business, extend over bays and storefronts, and they obscure the architectural features of the buildings.

Requirements for Signs within Article 11 Conservation Districts



General Requirements

- Signs may not extend beyond the width of the storefront opening.
- Signage, painted on glass doors, windows, and transoms, where the sign does not exceed 25% of the glazed area, is permitted.
- Non-illuminated letters or logos may be pin-mounted into the masonry if it is mounted into the mortar joints.
- Reduce the depth of signs, by placing the transformer in a remote location and not housed within the sign itself.
- Signs may be pin-mounted on a thin raceway that is mounted flat and horizontally within the signband or spandrel.
- Signs that are located on the inside of a storefront should be setback a minimum of 6" from the display glass.
- Small identification signs or plaques for second and third story tenants installed adjacent to the ground floor entrances are permitted.

Not Permitted

- General advertising signs and banners;
- Internally illuminated box signs with glass or plastic lenses;
- Internally illuminated fabric signs or awnings; and flashing signs,
- Moving signs, strobe lights, or signs that project an image on a surface
- Signage above the architectural base of the building

Sign Permits

- Business signs may be permitted as of right, or with conditions depending on the zoning districts and depending on their features such as type, area, number, material, illumination, animation, etc.
- In conservation districts a sign permit must be accompanied by a Minor Permit to Alter Application. (Article 11)
- In historic districts, a sign permit must be accompanied by an Administrative Certificate of Appropriateness Application. (Article 10)

Number and Placement of Signs

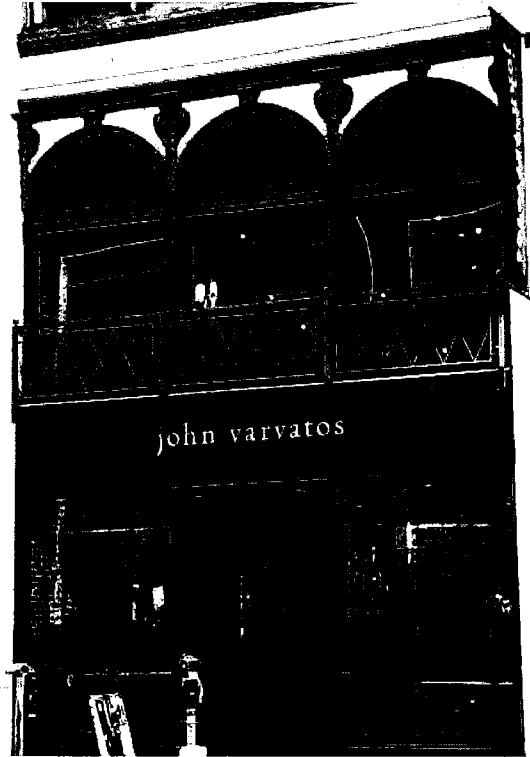
- Scale of signs and placement on the building shall be appropriate to the elements of the building and historic applications.
- One sign per ground floor tenant may be permitted.
- In buildings with more than one ground floor commercial tenant, one sign per establishment is permitted.
- The placement of the sign shall be in close proximity to the establishment that is identified on the sign.
- A ground floor establishment with a corner storefront may have one sign on each building façade.
- Upper story establishments are allowed to have one sign adjacent to the building entrance.

Materials

- Signs shall be constructed of durable high-quality materials that retain their characteristics within a high-traffic area over time.
- Materials shall be compatible with the color, craftsmanship, and finishes associated with the district. Glossy or highly reflective surfaces will not be approved.

Method of Attachment

- All signs shall be attached in a manner that avoids damaging or obscuring any of the character-defining features associated with the subject building.
- For non-terra cotta masonry buildings, signs shall be anchored through mortar joints or attached to the jamb of a non-historic storefront system.
- Under no circumstances shall a sign be anchored to any cast iron or terra cotta elements of a building.



Example of one sign per store



Example of compatible and non-glossy sign materials

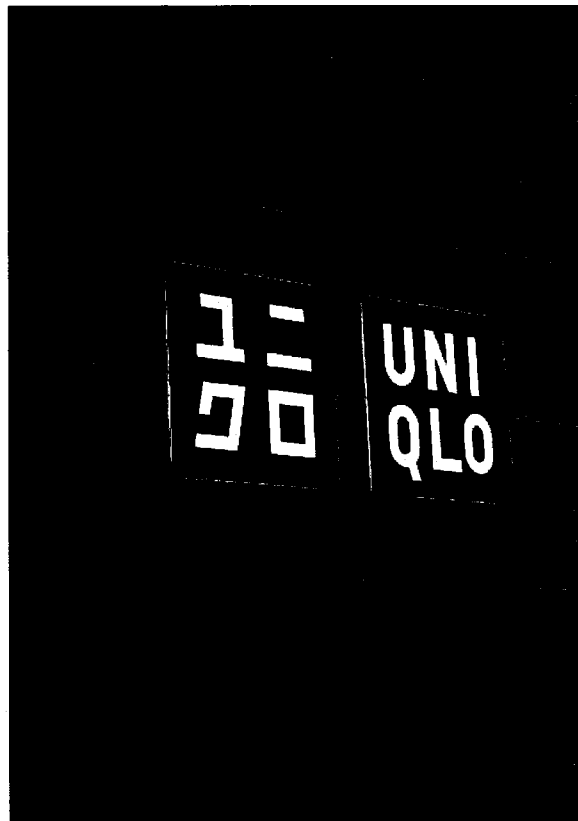


Example of sign attachment

- Signs shall be attached in a manner that allows for their removal without adversely impacting the exterior of the subject building.
- The visibility of conduit and raceways associated with a sign shall be minimized; however, if raceways must be exposed, they should be finished to match the facade or integrated into the overall design of the sign.

Methods of Illumination

- All signs shall appear to be indirectly illuminated or externally illuminated such as by installing an external fixture to illuminate the sign or by using a reverse channel halo-lit means of illumination.
- All signs shall have an opaque background that does not transmit light and text. Logos shall be individually illuminated.
- Unless a sign has been determined to be of historic significance, no sign or awning should flash or display animation or moving text.
- In order to reduce the depth and profile of a sign, the transformer should be located in a remote location and not housed within the sign itself.
- A sign may also be reduced in profile or depth by using a light emitting diode (LED) method of illumination. For more information on LED lighting please contact your sign contractor.
- All conduit required for all new signage must be concealed and may never be attached or left exposed on the face of the building, the sign structure, or the sign itself.



Example of an indirectly-lit sign with a shallow profile.

Projecting Signs

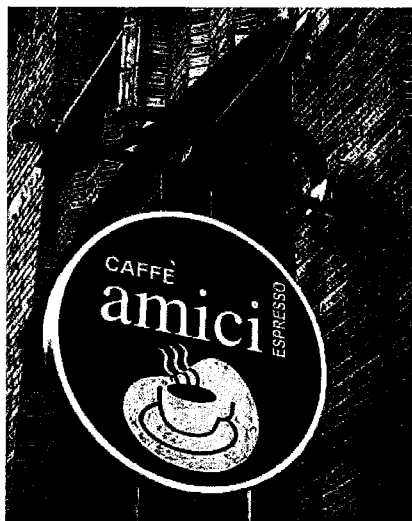
When used incorrectly, blade signs create visual clutter, overwhelm pedestrians and drivers with visual stimulation, and obscure or damage architectural details of the building. The standards below detail the various sizes and locations that generally respect the character of the district. All proposals will be evaluated on a case-by-case basis.

Size and Placement

- Scale of signs and placement on the building shall be appropriate to the elements of the building and historic applications.
- Signs shall relate to the character-defining features of the building.
- Signs near the base of the building shall relate to the pedestrian scale.
- Signs shall not extend above the roof line.
- Covering, altering or obscuring architectural details or window openings shall be avoided.
- Projecting signs shall be located on or immediately adjacent to the storefronts corresponding to the business and shall not extend below, above, or across other storefronts or along a frontage associated with a different use.

Location

- Projecting signs may not be located above the window sill of the first residential floor of a building, nor shall any portion of a sign be located at a height above the lintel of the corresponding storefront, unless it has been determined by the Planning Department Preservation Staff or the Historic Preservation Commission that an alternate location is acceptable in order to avoid obscuring or adversely impacting the character-defining features of the subject building.
- Signs shall be located in an area that does not obscure any of the building's character-defining features.
- Important factors to be considered are:
 - The amount of linear street frontage occupied by the business
 - The overall character-defining features of the building
 - The width of the sidewalk
 - The number of adjacent existing and potential establishments within the subject building
 - The floor-to-ceiling height of the commercial space visible from the public right-of-way.



LEFT: These overscaled signs overpower the building and the storefront. This excessive application of signs is discouraged.

RIGHT: The blade sign is attached according to the standards; it is anchored through the mortar joints, avoiding damage to the masonry.

Wall Signs

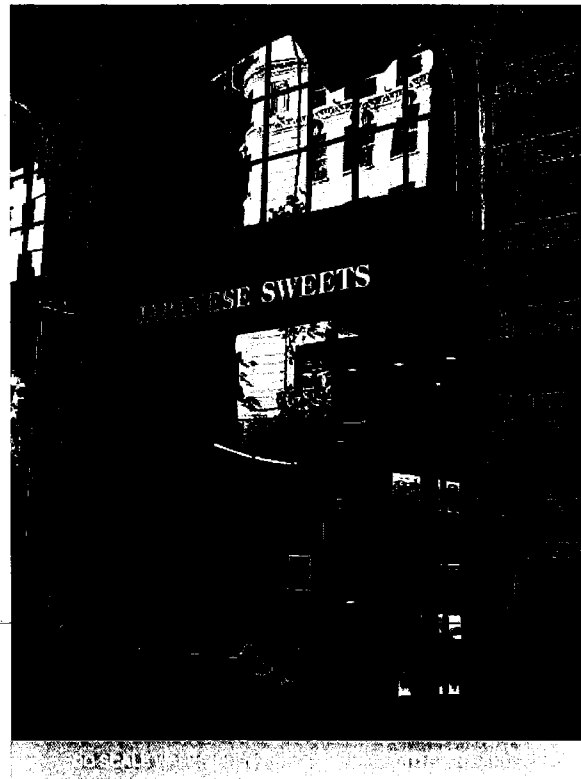
Wall signs are commonly comprised of signboards or individual die-cut letters that run parallel to the facade of a building. Often paired with a blade sign, wall signs have increased in size and number throughout the districts. Today, there are a number of examples throughout the city where wall signs appear at an overwhelming scale and blanket significant architectural details. When used correctly, wall signs express individuality, attract customers, and respect the architectural features of the building. The standards below detail the various sizes and locations that generally respect the character of the district. In general, the size of wall signs will be evaluated on a case-by-case basis.

Size and Placement

- Scale of signs and placement on the building shall be appropriate to the elements of the building and historic applications. Wall signs consisting of individual letters mounted to the facade are encouraged.
- Large opaque sign panels behind individual letters are discouraged.
- Wall signs covering, altering, or obscuring architectural details or window openings should be avoided.
- Wall signs that obscure, cover, damage, or alter architectural elements such as friezes, lintels, spandrels, and historic sign bands will not be approved.
- Wall signs shall be located at a height that relates to a pedestrian scale.
- Wall signs shall be centered on horizontal surfaces, within bays or over storefront openings and shall not extend above, below, or beyond the storefront the related business occupies.
- Wall signs shall maintain a physical separation between all tenant signage so that it is clear which signs relate directly to the respective business.

Location

- Wall signs shall be located in an area that does not obscure any of the character-defining features associated with the subject building.
- The location of wall signs allowed for any one establishment will be based on the following factors:
 - The amount of linear street frontage occupied by the business;
 - The cumulative number and location of business signs attached to the subject building, including all existing and proposed signage.



This wall sign is centered on the storefront, scaled proportionally to sign band and does not alter any character-defining features. This treatment is recommended.

Sign Permits

Permits

Certain kinds of signs that do not require a permit are listed in Section 603 and the following list below:

- 1) Unless otherwise prohibited, a sign painted or repainted on a door or window in an NC, C, or M district.
- 2) Ordinary maintenance and minor repairs which do not involve replacement, alteration, reconstruction, relocation, intensification or expansion of the sign.
- 3) Temporary sale or lease signs, temporary signs of persons and firms connected with work on buildings under actual construction or alteration, and temporary business signs.
- 4) A mere change of copy on a sign the customary use of which involves frequent and periodic changes of copy (i.e. theater marquee). A change in copy for all other signs (including a change of business name), change from general advertising to business sign, and any increase in sign area shall constitute a new sign and require a permit.

A permit is needed to install, place, replace, reconstruct or relocate, expand, change business sign copy, intensify in illumination or other aspect, or expand in area or dimension for all signs. Sometimes a permit may not be required under the Building Code (i.e. painted non-illuminated or projecting signs up to 2.5 square feet) but is still required to be reviewed under the Planning Code.

Permit Application

When a permit is required for a sign, a permit should be filed with the Central Permit Bureau of the Department of Building Inspection together with a permit fee and the completed permit application shall be accompanied by construction documents that include the following :

- A plot plan that shows the location of the proposed sign as well as all other existing signs on the site and their dimensions. The length of the business frontage along the public right-of-way and sidewalk should be indicated.
- Scaled front and lateral elevation drawings of the building with the sign including the dimensions, materials, and any other required details of construction as necessary depending on sign type.
- Detailed drawings of the proposed sign copy.
- Photographs of the entire subject site.

Your application to install or alter a sign will not be reviewed if any of the above listed materials are missing.

Nothing in the sign regulations shall be deemed to permit any use of property that is otherwise prohibited by the Planning Code, or to permit any sign that is prohibited by the regulations of any special sign district or the standards or procedures of any Redevelopment Plan or any other Code or legal restriction.



**SAN FRANCISCO
PLANNING
DEPARTMENT**

FOR OTHER PLANNING INFORMATION: Call or visit the San Francisco Planning Department

Central Reception
1650 Mission Street, Suite 400
San Francisco CA 94103-2479

TEL: **415.558.6378**
FAX: **415.558.6409**
WEB: <http://www.sfplanning.org>

Planning Information Center (PIC)
1660 Mission Street, First Floor
San Francisco CA 94103-2479

TEL: **415.558.6377**

*Planning staff are available by phone and at the PIC counter.
No appointment is necessary.*



SAN FRANCISCO
PLANNING
DEPARTMENT

Design **Storefr** for Article 11

HISTORIC PRESERVA

KEARNY-MASON-MARKET-SUTTER CONSERVATION DISTRICT



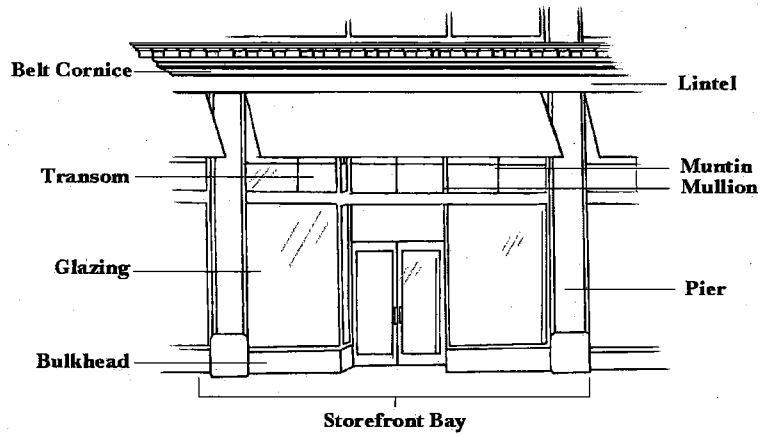


INTRODUCTION

The San Francisco Conservation Districts make up some of the most important commercial centers for visitors and residents in San Francisco. The vitality of the Districts' streetscapes are dependent on the existence and the success of storefront businesses. In response to changing marketing and advertising

STOREFRONT COMPONENTS

Existing historic storefronts in the Conservation Districts date from the late 19th to early 20th century. There are a number of elements that make up the architectural features of a historic storefront. The repetition of these features creates a visual unity on the street that should be preserved. Collectively, they establish a sense of place, provide a "human scale" and add rich detail to the public realm.



ANATOMY OF A FACADE

Typical Features Include:

• A decorative cornice or crown molding above the storefront.

• A decorative transom or lintel above the storefront.

• A decorative bulkhead or base molding below the storefront.

• A decorative pier or column flanking the storefront.

• A decorative mullion or transom separating the storefront from the upper window.

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COURSE OF ACTION

Determining the appropriate course of action depends upon the overall integrity, or how much historic storefront components remain at the ground level. The integrity should be taken into consideration before determining the best approach for rehabilitation. While there is no hard-and-fast rule that can be stated, it is important that a deliberate, thoughtful process be employed in which the following questions are answered:

What are the characteristics of the base of the building?

The storefront may be intact, modified or contemporary. If many or all of the historic elements are missing, a simplified new interpretation of those elements may be appropriate. On the other hand, if the building is 95% intact, with only the bulkhead missing and information about the original design is available, then an accurate reconstruction would be preferred.

What are the characteristics of nearby or adjacent storefronts?

If the storefront is one of three similar all in a row, and one of the three retain its historic details, then reconstruction of the altered storefronts would be a preferred option. Another more flexible option would be a rehabilitation based on a simplified design, as long as typical storefront components are incorporated into the design.

What is the significance of the property?

Sometimes previous alterations to historic buildings acquire significance of their own. These historically significant alterations should be preserved.

RECOMMENDED



This storefront retains historic elements such as the transoms, bulkheads and piers.

RECOMMENDED



The contemporary storefront above has maintained many of the typical historic features of early 20th century commercial architecture.



The rehabilitation project above preserved historic elements, such as the terra cotta tiles and cast iron framework. However, many other historic elements were missing, such as the transom windows and storefront pier material, were reconstructed based on historic documentation. It is common to use more than one approach in a rehabilitation project.



Removing, obscuring, or damaging historic features through installation of new features is discouraged, such as this historic beltcourse partially concealed with an aluminum panel.

GENERAL RECOMMENDATIONS

The Storefront Standards for the Conservation Districts are based on general recommendations that apply to rehabilitation. Rehabilitation acknowledges the need to alter a historic property to meet continuing or changing uses while retaining the property's historic character.

In order to be compatible with historic storefronts, new storefronts should follow the standards set out in this document, which provide for flexibility in design review. Designing new features to be subordinate to historic features creates a balance of new and old, allowing features to be seen as products of their own time, yet be compatible with remaining historic elements of the facade. The most successfully rehabilitated storefronts combine contemporary design with sensitivity to the historic storefront components.

Preserve

Preserve the storefront's historic style, form, materials, proportions, and configuration when it is intact. Distinguish between historic materials and inappropriate past interventions. Do not remove, obscure, or damage historic character-defining features.

Repair

Repair historic features that are damaged based on adequate evidence using identical or similar materials that convey the same form, design, and overall visual appearance as the historic feature in terms of details, finish, and color. Repair is preferred over replacement.

Replace

When repair is not possible, replacement of the original design based on historic documentation or physical evidence is preferred. Do not reconstruct details from speculation that could give a false impression of the history of the building. If evidence is missing, consider a simplified interpretation of historic elements. Also, consider the retention of previously-installed compatible alterations.

STOREFRONT EVALUATION

HISTORIC VS. ALTERED

To help determine if you have a historic storefront, look for the following storefront characteristics that are typically shared among commercial architecture of this period:

Buildings undergo alterations over time. To determine how a historic storefront design has been altered over time, notice the location of the glazing, bay, cornice, and entrances on the existing building to provide clues.

Historic Storefronts

- Bulkheads: Primarily rectangular in design, of frame, natural stone or tile construction, and often with raised patterns.
- Glazing: Merchants in the early 20th century relied on extensive window displays to advertise their goods and the installation of large sheets of plate glass provided maximum exposure.
- Large Central or Corner Entrances: Many commercial buildings historically had large central or corner entrances of single or double doors.
- Transoms: Over the display windows and entrances were transom windows, usually made of clear, textured, leaded, or stained glass, allowing light into the building and additional areas of signage and display.
- Cast Iron Pilasters: To support the weight of the masonry above the storefront, decorative cast iron columns or masonry piers were often added.

Altered Storefronts

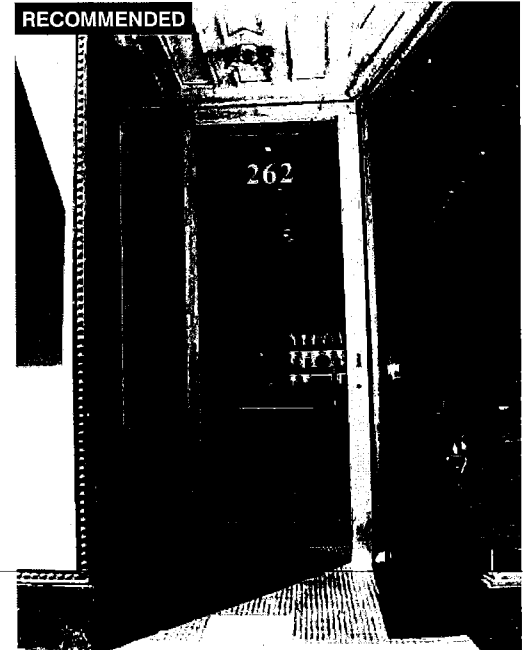
- Glazing: If the display windows have small panes rather than very large panes of glass, they have most likely been replaced.
- Bay: If there is irregular spacing among the bays where a storefront pier does not align with the upper facade piers, it is most likely a non-historic storefront.
- Beltcourse: If the beltcourse or watertable is not visible or has been removed, or if the lintel is not defined within the storefront, the height has likely been altered.
- Entrances: If the building entrance is no longer in the historic location or made of contemporary materials, it has been replaced.

RECOMMENDED



The profile on this pier and bulkhead are indicative of historic commercial architecture and should be preserved.

RECOMMENDED



The historic wood panel ceiling in this recessed entry is historic and should be retained.

FAÇADE & STREET WALL

Historically, storefronts were integrated into the overall façade design, with the same treatment used for all tenant spaces within a structure. However, as tenants have modified their individual sections of the storefront, the overall design intent of some buildings has become lost. The storefront and upper façade should create a single architectural image by aligning architectural framework within the design and using similar cladding materials. The following recommendations supplement Article 11.

Materials

Buildings within Conservation Districts are traditionally clad in masonry materials, which include terra cotta, brick, natural stone, and smooth or scored stucco, over a supporting structure. If historic material is discovered when the existing cladding is removed, Department Preservation Staff must be notified immediately. If significant historic features remain, it must be retained and the storefront approvals may be changed to reflect this new condition. Storefronts with no remaining historic architectural components may be re-clad or replaced with new modern materials when no historic fabric remains. If replacement material is necessary, use materials that are compatible in texture and physical makeup.

RECOMMENDED:

- **Cladding Materials:** Utilize traditional building materials: Terra cotta, brick, simulated or natural stone and scored stucco convey permanence and should be used when architecturally appropriate. New brick should match the color and type of historic brickwork. Particular attention should be paid to the point at which different materials join together. These 'edges' should be clean and organized.
- **Profile:** The replacement façade material should be similar in profile to the traditional cladding material.
- **Color:** The number of exterior colors should be limited to different tones of one color. Choice of colors should be determined by the nature of the building's historic character, and colors of building elements should relate to each other. Traditional materials are generally colored light or medium earth tones, including white, cream, buff, yellow, and brown. (See Section 6 related Appendices in Article 11 Districts).
- **Texture:** Smooth and painted with a satin or flat finish.
- **Vandalism Precaution:** Quick, consistent and complete removal of graffiti discourages "tagging." Surfaces treated with antigraffiti clear coatings resist penetration of graffiti and simplifies graffiti removal, while not altering the natural surface appearance. Antigraffiti clear coatings also protect against weathering and environmental-related stains, contributing to a well-maintained appearance.
- **Durability & Maintenance:** Materials used near sidewalks and adjacent to building entrances should be highly durable and easily maintained.

NOT RECOMMENDED:

- **Cladding Materials:** Although painted wood and metal are sometimes used for window sashes, bulkheads and ornament; decorative concrete block, applied false-brick veneer, vinyl or aluminum siding, cedar shakes, textured plywood, EFIS materials and plastic are not appropriate for use on buildings within the Districts.
- **Obstruction of Historic Building Materials:** Do not cover, damage or remove historic building materials.



These three storefronts have been individually designed and altered. They neither relate to each other nor the historic building materials. This application is discouraged.



The building above contains multiple storefronts that have a consistent alignment and composition. This creates a cohesive façade while maintaining storefront distinction.



The street wall to the left lacks horizontal alignment and a cohesive composition, which results in a disconnected overall appearance.



The horizontal features of the three commercial businesses to the left are aligned. Each storefront relates to the others which results in a cohesive street wall.

Design

The configuration of a storefront façade refers to the relationship between, and general proportions of, various storefront infill components, such as door location, setback, bulkhead, display window dimensions, transom windows, historic materials and details. Together the storefront design provides clarity and lends interest to the façade, which maintains the interest of pedestrians.

RECOMMENDED:

- **Alignment:** Alignment of horizontal features on building façades is one of the strongest characteristics of the street and should be preserved. Typical elements to keep in alignment with others in the block include: window moldings, top of display windows and belt cornices. This helps reinforce the visual harmony of the district.
- **Setback:** Most storefronts extend right up to the sidewalk, known as "zero setback," resulting in a consistent street wall.
- **Composition:** The wall-to-window ratio; storefront height; window spacing, height, and type; roof and cornice forms; materials and texture should present a visually-balanced composition, complementary to adjacent storefronts to provide a sense of cohesiveness in the district without strict uniformity.

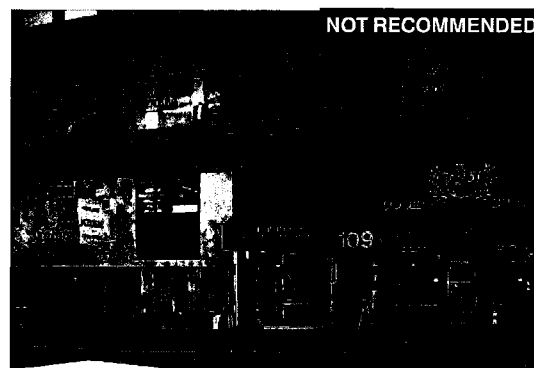


These buildings have no ground level setbacks, which creates a defined street wall and edge. The horizontal elements are consistently aligned along each building and the entire street wall relates to create a cohesive block.

- **Simplified Interpretation:** Where a historic storefront is missing, and no evidence of its character exists, a simplified interpretation is appropriate. Take cues from building patterns, scale, and proportions of nearby buildings and storefronts. An alternative storefront design must continue to convey the characteristics of typical historic storefronts in the Conservation Districts.
- **Storefront Distinction:** A single building containing multiple storefronts should distinguish each storefront, while maintaining building unity. Separate buildings should remain visually distinct. See Interim Storefront Solutions, "Storefront Rehabilitation Program" in this document.

NOT RECOMMENDED:

- **Color:** Inappropriate colors include fluorescents, bright primary hues and black as an overall façade color.
- **Blank Walls:** If visible from a public way, blank walls should be softened by incorporating painted signage, artistic murals and, where possible, fenestration is encouraged.
- **Exact Replication:** Infill construction should clearly be contemporary and not be exact historic reproductions that could confuse an observer.



This storefront has undergone a number of inappropriate alterations. The most obvious, black paint, provides too much contrast with the streetwall and is discouraged.

CORNER LOTS

Many buildings on corner lots exhibit special features that emphasize the corner and add accent to both intersecting streets, providing visual interest to pedestrians.

RECOMMENDED:

- **Emphasis of Corner Lot:** Corner entrances, storefront windows, and displays that extend along both street façades are examples of elements that emphasize corner lot locations and are encouraged.
- **Windows:** Where entrances are not located at the corner, storefront windows should turn the corner. There should be one or two storefront windows on each side of the building, this draws the interest of the pedestrian.



These corner lot storefronts have incorporated corner entrances and displays that extending along both side elevations. This is encouraged.



STOREFRONT BAY

The individual storefront bay is defined by the height of the lintel and separated by piers. Appropriate alignment and proportions of the storefront bay are critical in creating a unified appearance within the district.

RECOMMENDED:

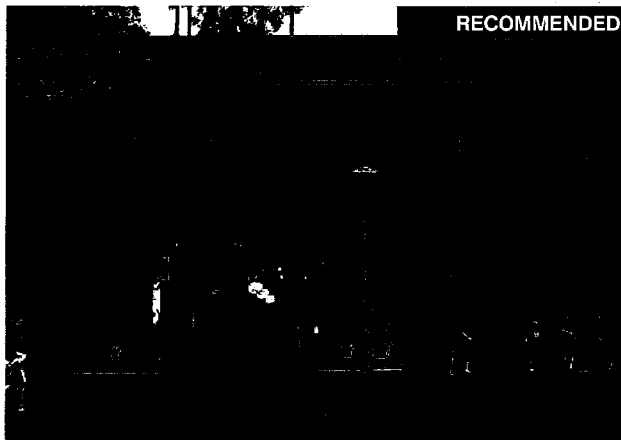
- **Alignment of Storefront:** Within a single storefront, windows should be consistent in height and design with storefront doors to create a cohesive appearance; however, slight variations in alignment can add visual interest.
- **Piers:** Piers at the sides of a storefront should be visible and match the upper façade. If historic piers exist under the modern cladding, the historic piers should be uncovered, repaired and left exposed. If historic piers do not exist under the modern cladding, new piers should replicate the historic materials in terms of details, finish, color and overall visual appearance.
- **Design Modifications:** When making modifications, treat and design the piers and lintel as a single architectural component. The lintel establishes the top of the storefront bay, visually separating it from the upper floors.
- **Storefront Infill:** Typically composed of the bulkhead, glazing, transom, and entry. Keeping these components within the historic bay minimizes visual discontinuity.
- **Proportion:** Maintain proper proportions of the storefront bay. Typically, the glazing extends from the bulkhead to the lintel and between the piers.

NOT RECOMMENDED:

- **Alignment:** Major deviations in the alignment of a storefront and between adjacent buildings disrupt the visual continuity of the street and should be avoided.

- **Obstruction:** Elements such as signs and awnings that obscure the spacing of the bays and/or the elements that define those bays should be avoided.
- **Size:** Any enlargement or reduction in the size of the storefront opening, such as infill with opaque or solid materials, should be avoided.

BELOW: The lintel and pier are clearly visible and serve to separate the storefront from the upper façade and adjacent storefronts, making each storefront visually distinct.



ABOVE: The accumulation of signage blocks the storefront openings and appears haphazard. This application is discouraged.

ENTRANCES

Typically, historic buildings have an entrance to each storefront in addition to one main entrance to upper floors, opening directly onto the sidewalk. A service door may also exist for access to building systems.

Primary Storefront Entry

Traditionally, storefront entrance doors were made with full-height glass framed in wood or metal, with a transom window often set directly above the door. The entries are typically recessed 2'-6" to 6' from the sidewalk, which allows protection from the rain and wind, creates additional display frontage, and the repetition of recessed entries provides a rhythm of defined commercial spaces that helps establish a sense of scale and identifies business entrances. The recessed areas are paved with mosaic tiles, terrazzo, or patterned concrete. Historically, these paved areas within the recess were viewed as an opportunity for the business name, typically in mosaic tile or inlaid metal letters. The ceilings of recessed areas were finished with stucco or wood panels.



ABOVE: This building has a large storefront double door entrance with excellent transparency from the sidewalk. This is typical of historic storefront design and is encouraged.

RECOMMENDED:

- **Preservation:** Retention of the historic door and entry system, whether recessed or flush with the public walk, is encouraged.
- **Maintain Historic Position:** The depth and configuration of storefront entrances should be maintained. Where applicable, do not infill a historic recessed theatre entrance (partially or completely).
- **Replacement Doors:** If an entrance is missing, a new entrance may be reconstructed with historic documentation. If using a new compatible design, it should be based upon the traditional design elements. Aluminum or bronze doors can be made more compatible by being painted a dark color, and by selecting a design in the proportions of the historic door.
- **Preservation and ADA Compliance:** Entries must comply with the accessibility requirements of the Americans with Disabilities Act. Preserve historically significant doors and reuse if possible. Qualified

historic buildings may use the alternative provisions of the California Historical Building Code (CHBC) to preserve significant historic features when upgrading buildings. If preservation is not an option, replace with a new door of the same design that is compatible with the storefront's style and material.

- **Design:** Differentiate the primary entrance from the secondary access to upper floors by maintaining each entry within its own bay. Entries should be clearly marked, provide a sense of welcome and easy passage. They should be located on the front of buildings.

NOT RECOMMENDED:

- **Reconstruction:** Avoid recreating designs based on conjecture rather than clear documentation.
- **New Entrances:** Do not locate new entrances on a primary façade where it would alter or change the position of the piers and function of the historic primary entrance.



These contemporary entry doors have been located within the historic storefront. Original cast iron elements such as columns, bulkheads and the prism glass transoms have been restored. This treatment is recommended.



This historic storefront entrance includes a traditional door made primarily of glass and framed in bronze.

Secondary Entry

The main building door, giving access to upper floors, is similar in appearance, but less impressive than the storefront door.

RECOMMENDED:

- **Loading and Building Service Entrances:** May be glazed or solid doors and should be located on the side or rear of buildings, whenever possible, or shared with other adjacent businesses. When not possible, they should be located away from corners or street intersections and away from main entrances and primary storefront displays.
- **Maintain Position:** Recessed storefront entrances should be maintained. Where an entry is not recessed, maintain it in its historic position, where possible.

NOT RECOMMENDED:

- **Non-Use:** Do not seal secondary doors shut in an irreversible manner. Any work that is done must be reversible so that the door can be used at a later time, if necessary.

Door Materials

RECOMMENDED:

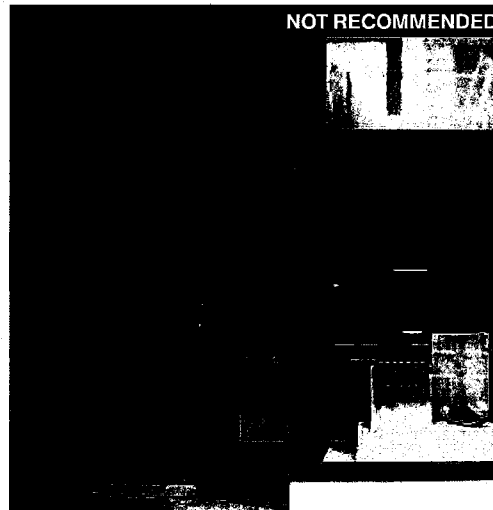
- **Predominant Glazing:** All primary entrance doors should be predominantly glazed with a painted wood or brushed metal frame.
- **Door Frame:** Wider metal frames are generally encouraged over narrow frames.
- **Door Features:** Maintain features that are important to the character of the historic door, including the door, door frame, threshold, glass panes, paneling, hardware, detailing transoms and flanking side lights.
- **Historic Design:** If historic design is not known, use a wood-framed or metal-framed glass door in a traditional design.

NOT RECOMMENDED:

- **Door Frame:** Avoid unfinished aluminum or stainless steel frames.



RECOMMENDED



NOT RECOMMENDED

LEFT: The double doors are emphasized by the recessed entry, which also creates additional window display space to draw in pedestrians.

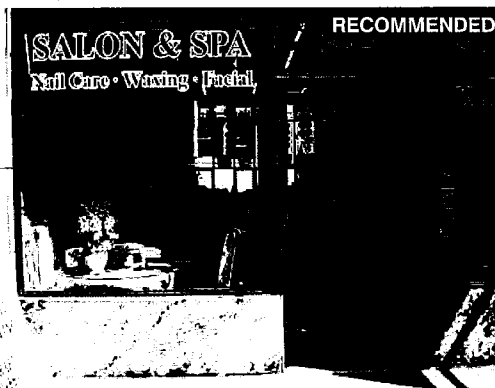
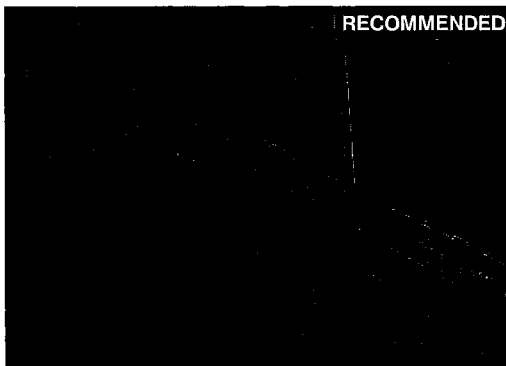
RIGHT: This door is not predominately glazed and is inconsistent with the buildings architectural character.

BULKHEAD

In the Conservation Districts, storefront display windows were traditionally placed upon a one to two foot high solid base, also called a bulkhead. The bulkhead serves two functions: it raises a window display closer to eye level, to take advantage of the line of vision and to more effectively showcase merchandise to better capture the attention of the pedestrian; and it acts as a kickplate, that, compared to glazing, can better withstand the impact of window shoppers' shoes.

RECOMMENDED:

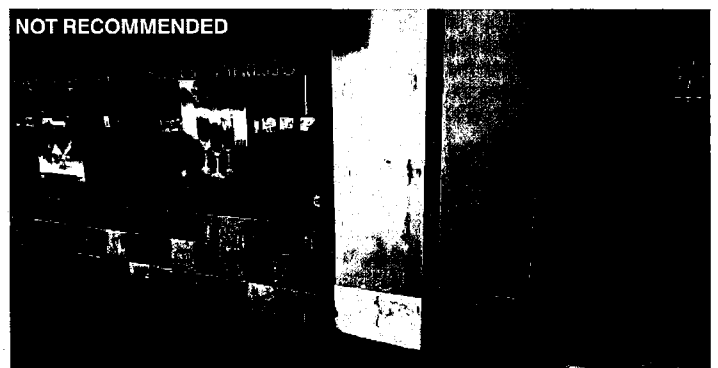
- **Preservation:** Restore historic bulkhead finishes, where they remain. Contact Planning Department Staff to obtain more information on specific treatments recommendations for various finishes.



- **Materials:** Historic bulkheads are typically made of painted wood, decorative metal, small ceramic tiles, or masonry. Replacements should match or be compatible with such materials. Wood or metal bulkheads should be articulated with paneling or molding.
- **Height:** The storefront bulkhead should be of a consistent height and appearance with the historic one that exists on the building. Depending on topography and where physical or documentary evidence is unavailable, the bulkhead should generally be between 18" and 24".
- **Consistency:** If a portion of the historic bulkhead exists, the new portions of the bulkhead should match.

NOT RECOMMENDED:

- **Materials:** Corrugated aluminum, shingles, artificial siding, plywood, EIFS, and clear or unfinished aluminum are not permitted.



ABOVE RIGHT: The replacement tilework that makes up the bulkhead should match the historic materials which have been preserved on the pier to its right.

ABOVE LEFT: The preservation of historic elements, such as this decorative bulkhead is encouraged.

BELOW LEFT: This simple storefront has retained the original marble bulkhead, entry door surround and transom. This is encouraged.

STOREFRONT DISPLAY WINDOWS

The storefront display windows within the Conservation Districts typically consist of large panes of plate glass set in metal or wood frames with the primary purpose of allowing passersby to see goods or services available inside. The historic metal framing systems have a particularly narrow profile in comparison to modern aluminum storefront framing systems. Vertical framing elements were sometimes omitted at the entry recess corners, with just a butt-joint between the two panes of glass. Most storefront display windows have been altered or replaced.

RECOMMENDED:

- **Preservation:** The functional and decorative features, such as the historic frame, sash, muntins, mullions, glazing, and sills of a historic window should be preserved.
- **Materials:** The storefront should be transparent by use of clear glass in doors and storefront areas allowing visibility into and out of the store to create an engaging and dynamic retail environment.
- **Mullion Profile:** Mullions separate individual panes of a window and should be as narrow and as limited in number as possible to maximize visibility into interior activity and merchandising. The mullion profile should be a darkly painted wood or a dark colored pre-finished or painted metal.
- **Blocked-out Windows:** Large pane glazing should be reintroduced if the historic glazing is no longer intact.

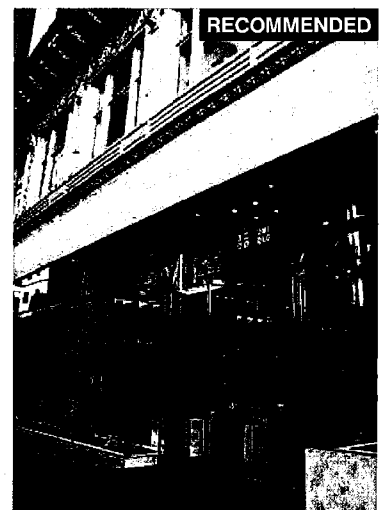
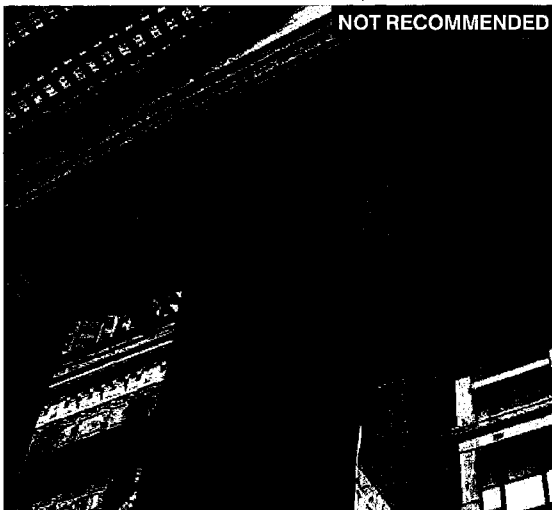
NOT RECOMMENDED:

- **Materials:** Vinyl, plastic, clear or unfinished aluminum, and other reflective materials are not permitted.
- **Broken or Boarded Windows:** These negatively impact businesses and the district and should be fixed in a timely manner.
- **Plexiglas:** Replacement materials instead of glass should be avoided.

A pre-finished aluminum storefront frame was installed flush with the face of the cast iron pier, which flattens the profile and reduces the dominant role of certain architectural features.

The pictured storefront framing system is much wider than what was used historically and, therefore, should be avoided.

This new storefront has large expanses of glazing that were inspired by historic drawings of the building.



- **Operable Windows:** Sliding, hinged or folding windows are discouraged because of the number of divisions they create within an opening – this minimizes visibility between interior and exterior activities when windows are closed. However, operable windows designed with very limited divisions and large glazing similar to traditional ground floor storefronts will be considered.
- **Recessed Window:** The window glazing should not be deeply recessed in the window frame, as this was not done historically and does not convey a period effect.



This new storefront was recreated based on historic photographs. It features appropriate proportions, materials, and signage. This is recommended.

TRANSOMS

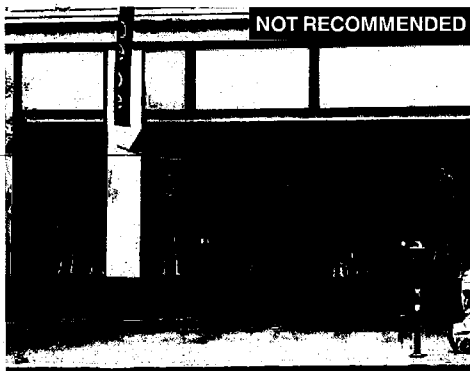
Transom windows, located above the main display windows and entries, are a common feature of commercial storefronts. The placement of these windows was made possible by generously proportioned tall ceilings within the commercial interiors. Transom windows were often operable and provided ventilation to the interior. Transom windows were typically glazed with clear or textured panes of glass and set in wood or metal frames. In recent years, transom windows have been altered by painting the glazing; installing mechanical louvers; replacing glazing with plywood panels; installing signboards that cover the windows; or installing interior suspended ceilings. In some cases, the windows have been completely removed and infilled.

RECOMMENDED:

- **Frame Materials:** The transom frame above the entrance doors and display windows should match the material and finish of the storefront.
- **Replacement Glass:** If the historic transom glass is missing and no physical or documentary evidence exists, install new glass, and ensure that it is a consistent size and configuration. Clear glass is encouraged; however translucent or patterned glass is also compatible. Consider the use of operable transom windows while installing new or reconstructed transoms.

NOT RECOMMENDED:

- **Blocked-out Windows:** Avoid blocked-out transom windows. If the transom must be blocked, retain the glass, but consider using a translucent finish to retain the historic design intent and storefront proportions.



Opaque or painted glass should not be used within the transom windows. If clear glass cannot be used, translucent patterned glass is a preferred alternative. This restricts light entering the store and is not recommended.

BUILDING SYSTEMS

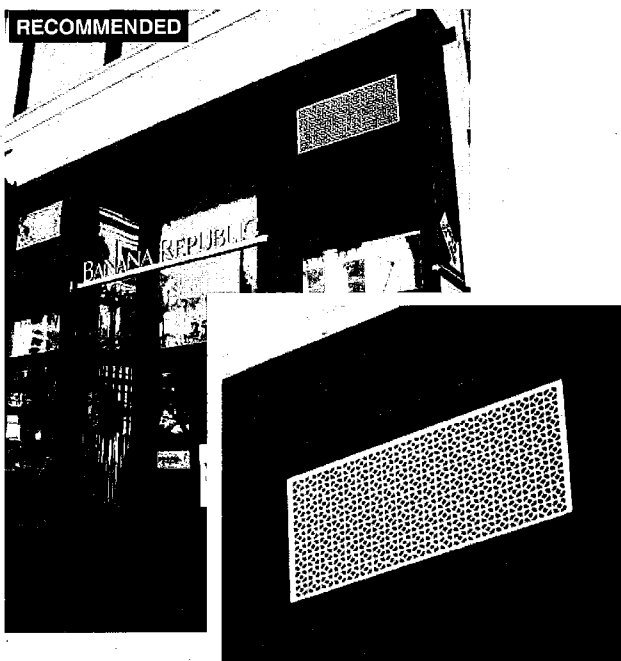
RECOMMENDED:

- **Location:** A building's mechanical, electrical and plumbing systems should be located in an interior room or a rooftop mechanical penthouse. When exterior installation is required, systems should be located on a non-visible facade away from public view.
- **Concealment:** If exterior equipment cannot be located on a non-visible facade, efforts should be taken to minimize their visual impact by covering with a decorative metal grille. A grille in combination with an awning may be used where appropriate.

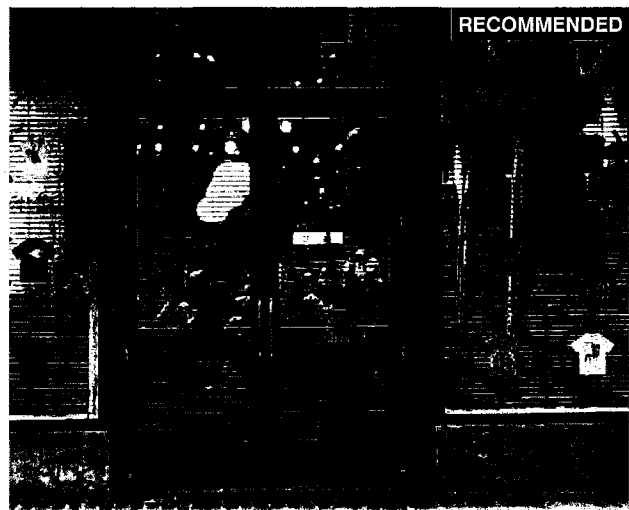
NOT RECOMMENDED:

- **Location:** When located on a visible exterior facade, the building's mechanical, electrical and plumbing systems should not obscure or remove historic architectural features or enlarge the openings or framework.
- **Concealment:** Use of an awning to cover a building's mechanical, electrical and plumbing systems provides only partial concealment and systems will remain visible to pedestrians.

The decorative architectural grills below have been installed to conceal mechanical intake and exhaust louvers. The grills have been incorporated into the storefront design. This treatment is recommended.



The open security grates below are installed on the interior so that when open, all mechanisms are concealed, which is encouraged. They also allow merchandise to be viewed even when the store is closed.



SECURITY

Many security measures create the impression that the retail area is unsafe, particularly when gates are rolled down and locked. This does not contribute to a pedestrian-friendly environment and it ultimately hurts business. A series of rolled-down, solid metal security doors present a long, featureless façade at the sidewalk, which is unsightly and generally out of character with the architecture of buildings within the Districts. Transparent security doors provide the same level of security as solid grates, and allow lighted window displays to be seen at night, accommodating both design and security considerations.

RECOMMENDED:

- **Security Door Design:** Security doors should be installed on the inside of the storefront, with the housing mechanisms and guide rails concealed. They can be hidden behind an architectural element, tucked into a framed pocket opening, mounted on the interior, or mounted high enough above the glazing system so as to remain unseen from the sidewalk.

- **Grilles:** The use of open or mesh grilles is encouraged because they have less impact on historic features. Grilles should be made of decorative metal in a configuration that is suitable for the scale and design of the entrance. They can also be simple metal grilles that are fully concealed when open.

NOT RECOMMENDED:

- **Security Door Design:** Scissor-type security gates, solid roll-down grates and permanent metal bars installed either on the inside or outside of windows are discouraged.
- **Exterior Security Doors:** Security door housing should not be mounted to storefront exteriors; this contributes to the clutter on the exterior and can damage and obscure architectural features.



LEFT: When an external security grate is installed, its operational mechanism should be hidden from view. When fully retracted, the security grate should be concealed within the facade or behind the cladding.

RIGHT: The external roll-down security grate has its housing mechanism clearly in view from the street, which is discouraged.

SEISMIC UPGRADES

Seismic strength within buildings is achieved through the reinforcement of structural elements. Steel braced frames are added to resist lateral loads arising from winds or earthquakes.

RECOMMENDED:

- **Location:** A braced frame should be placed within the exterior wall (between the exterior masonry and the interior finish). Diagonal structural braces should be located within the interior space, setback from ground floor display windows.
- **Structural Design:** Different configurations can be utilized to minimize their effect on the existing architecture. Utilizing moment frames can minimize the effect on the existing architecture if properly designed to conform to the historic opening sizes.

NOT RECOMMENDED:

- **Location:** For historic buildings, exterior applications of bracing are not appropriate. Braces penetrating the exterior of the storefront or placed within the storefront display area should be avoided.
- **Structural Design:** Reinforced seismic walls should not enclose storefront openings.

Reference Material:

The Preservation Committee of the American Institute of Architects San Francisco Chapter prepared the *Architectural Design Guide for Exterior Treatments of Unreinforced Masonry Buildings during Seismic Retrofit*, November 1991, for the San Francisco Planning Department, the Landmarks Preservation Advisory Board and the City Planning Commission to assist in the application and review of seismic upgrade methods.

The seismic bracing is clearly visible and detracts from the historic facade. This application is discouraged.



INTERIM STOREFRONT SOLUTIONS

Some of the design standards may take more time and money to implement than others. In the interim, building owners of vacant storefronts and tenants during renovation can take some simple measures that can serve as place holders until permanent rehabilitation occurs at the storefront.

RECOMMENDED:

- **Cleaning and Painting:** These simple solutions offer dramatic improvements to a façade. This provides a well-maintained appearance and ensures a long life for many traditional façade materials.
- **Protect against vandalism and graffiti:** Apply a removable clear acrylic shielding to the glazing and treat façade materials with an anti-graffiti coating.
- **San Francisco Article 11 Conservation Districts Signs & Awnings Standards:** Comply with the recommendations detailed in these standards.
- **Storefront Rehabilitation Program:** For buildings with multiple tenant storefronts that have been subjected to inconsistent alterations over the years, consider a long-term plan that will serve as a guide for current and future tenants to better create visual continuity among all of the building's storefronts. Please contact the Department Preservation Staff for consultation.
- **San Francisco's "Art in Storefronts" Program:** This innovative program temporarily places original art installations by San Francisco artists in vacant storefront windows to reinvigorate neighborhoods and commercial corridors while engaging local artists. Art in Storefronts is a pilot program in collaboration with the Mayor's Office of Economic and Workforce Development and Triple Base Gallery.

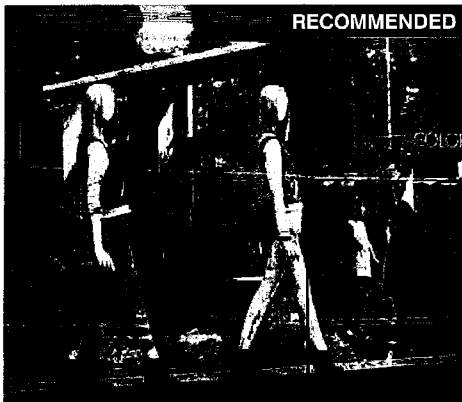


The "Everything is OK" installation by artists, Christopher Simmons and Tim Belonax, fills a vacant storefront on Market Street.



For more information:

Robynn Takayama
San Francisco Arts Commission
Tel: 415-252-2598
E-mail: robynn.takayama@sfgov.org



GENERAL MERCHANDISING REQUIREMENTS

Acknowledging that store branding and identification often extends beyond the application of signage and awnings to the exterior of a tenant building, the purpose of these requirements is to give the Planning Department, owners and tenants a tool to ensure that tenant spaces remain transparent to the exterior, contribute to the activity of the public realm, and do not evolve into de facto sign boards for tenants.

Planning Department approval is granted provided that the following storefront transparency requirements are applied to the ground-floor and sometimes the 2nd floor windows where applicable:

- All windows must be of clear glass.
- Any translucent, opaque films, or adhesive signage applied to or installed directly behind storefront glass should not exceed one-third of the glass area.
- Any shelving, counter, or partitions over 3' in height must be setback a minimum of 10' from the inside face of the storefront glass or must be 75% open and transparent.
- All signage applied to or installed directly behind storefront glass should not exceed one-third of the glass area.
- Solid roll-down security doors should not be installed on either the exterior of the building or behind any storefront openings.
- Blinds, shades, or curtains are not allowed at the ground-floor level open and transparent.

ABOVE: The large glass with jewelry display windows highlights merchandise, while allowing visibility into the store, which is encouraged.

CENTER: The large pane of glass combined with movable mannequins below allow clear visibility into the store, which is encouraged.

BELOW: The translucent shelving that supports this window shoe display increases visibility from the street, which is encouraged.

Typical movable window display items such as mannequins, small display podiums, and merchandise that permit clear visibility into the interior of the tenant space are permitted and encouraged.

The Planning Department is authorized to grant on a case-by-case basis flexibility from the requirements cited above in order to respond to site-specific constraints or for the exceptional projects that demonstrate to create a positive pedestrian experience.

Retail establishments that meet the definition of a department store as defined in this document are exempt from the visual merchandising requirements of this document except at the following storefront locations within the building:

- All customer entrances and the storefront windows at the ground and 2nd floor immediately adjacent to those entrances.
- All storefront corner windows at the ground and 2nd floor located at an intersection and on both street elevations.

RECOMMENDED



The partition is set back behind the storefront display and takes up no more than one third of the glass area.

Visual Merchandising for Large Department Stores

REFERENCES

1. Applications for Permits to Alter, City and County of San Francisco Municipal Planning Code, Article 11, Section 1111. <http://www.municode.com/Resources/gateway.asp?pid=14139&sid=5>
2. Dangers of Abrasive Cleaning to Historic Buildings, The National Park Service Preservation Brief 6 <http://www.nps.gov/history/hps/tps/briefs/brief06.htm>
3. How to Document a Building's History, San Francisco Planning Department Preservation Bulletin 16, Appendix B
4. Kearny-Market-Mason-Sutter Conservation District, City and County of San Francisco Municipal Code Planning Code, Article 11, Appendix E <http://www.municode.com/Resources/gateway.asp?pid=14139&sid=5>
5. Kearny-Market-Mason-Sutter Signs & Awnings Standards
6. The National Park Service Secretary of the Interior's Standards for Rehabilitation: <http://www.nps.gov/history/hps/TPS/tax/rhb/stand.htm>
7. Preservation of Buildings and Districts of Architectural, Historical, and Aesthetic Importance in the C-3 Districts, City and County of San Francisco Municipal Code Planning Code, Article 11 <http://www.municode.com/Resources/gateway.asp?pid=14139&sid=5>
8. Rehabilitating Historic Storefronts, The National Park Service Preservation Brief 11 <http://www.nps.gov/history/hps/tps/briefs/brief11.htm>



**SAN FRANCISCO
PLANNING
DEPARTMENT**

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ORGANIZATION:

This document is divided into four sections:

- **Introduction**
- **Visibility Requirements**
- **What This Means for Every Store**
- **Frequently Asked Questions**

Introduction

The storefront is arguably the most valuable space in a store and should be used to full advantage. A transparent storefront welcomes customers inside with products and services on display, discourages crime with more “eyes on the street,” reduces energy consumption by letting in natural light, and enhances the curb appeal and value of the store and the entire neighborhood. For these reasons the San Francisco Planning Code requires that storefronts must maintain transparent windows that allow visibility into the store. This handout explains these requirements.

Visibility Requirements

Section 145.1(c)(6) of the Planning Code requires that “frontages with active uses that are not residential or PDR must be fenestrated with transparent windows and doorways for no less than 60 percent of the street frontage at the ground level and allow visibility to the inside of the building.”

To ensure visibility into active spaces, any fenestration of active uses provided at pedestrian eye level must have visibility to the inside of the building. The following definitions apply:

- 1) **Pedestrian Eye Level** includes the space that is between 4 feet and 8 feet in height above the adjacent sidewalk level, following the slope if applicable.



ABOVE: Window signs should be limited in size and number to maximize visibility inside the store.

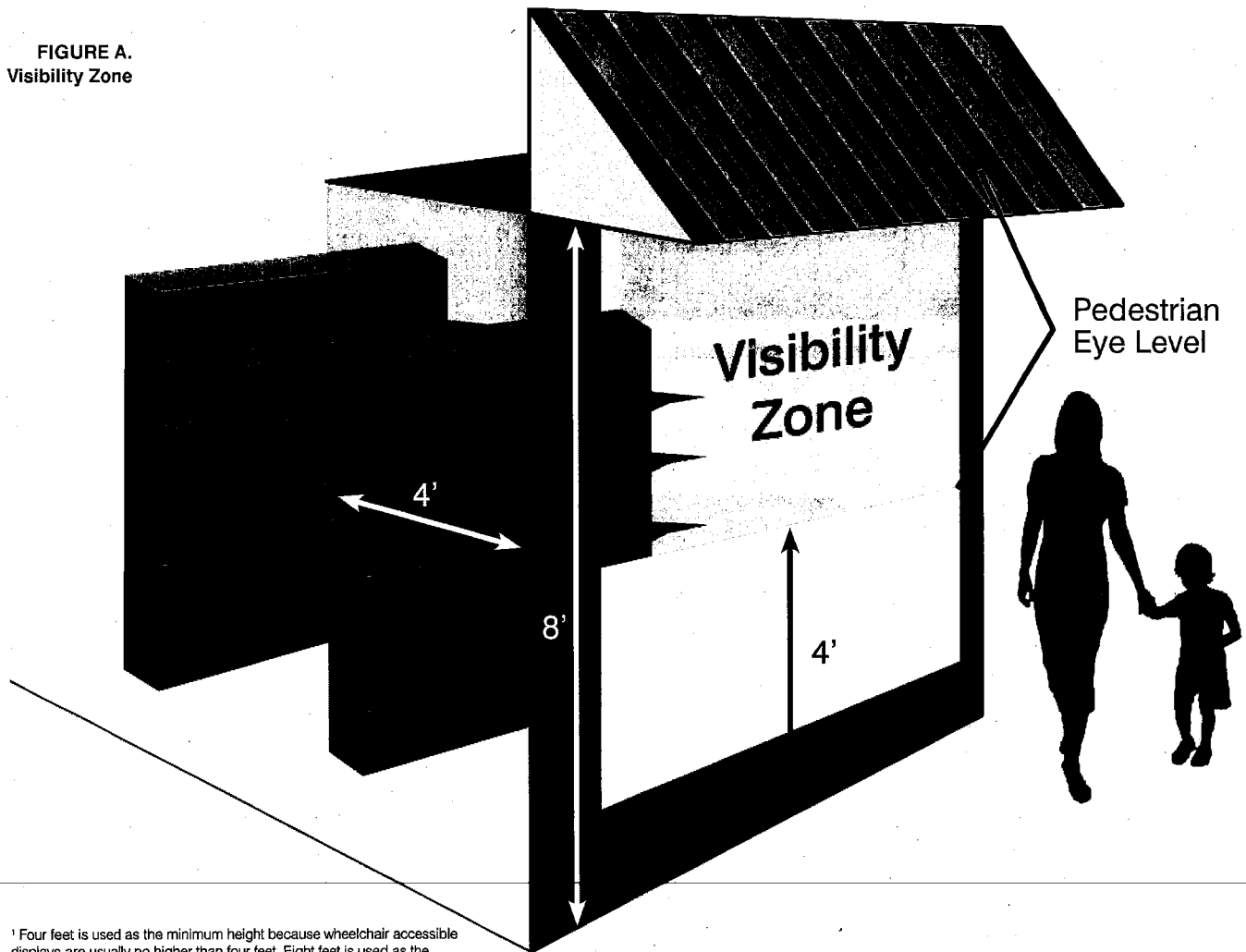
- 2) **Visibility to the Inside of the Building** means that the area inside the building within 4 feet from the surface of the window glass at pedestrian eye level is at least 75 percent open to perpendicular view.

Therefore, any fenestration of frontages with active uses must have visibility to the inside of the building with at least 75 percent open to perpendicular view within a 4-foot by 4-foot "visibility zone" at pedestrian eye level. This visibility zone is located between 4 feet and 8 feet in height above sidewalk level and extends 4 feet from the surface of the window glass inside the building¹. Section 145.1(c)(7) of the Planning Code requires that decorative railings or grillwork placed in front of or behind the storefront windows must also

be at least 75 percent open to perpendicular view. Greater transparency, including expanded "visibility zones", may be required in buildings designated under Article 10 or 11 of the Planning Code (see FAQs on page 6).

Notwithstanding the above visibility requirement, individual products for sale or used in service and on display inside the building are not restricted; and, window signs not exceeding 1/3 the area of the window on or in which the signs are located are not restricted if such signs are permitted by the Planning Code². For more info about business signs, please refer to the Sign Handout on our website at www.sfplanning.org.

FIGURE A.
Visibility Zone

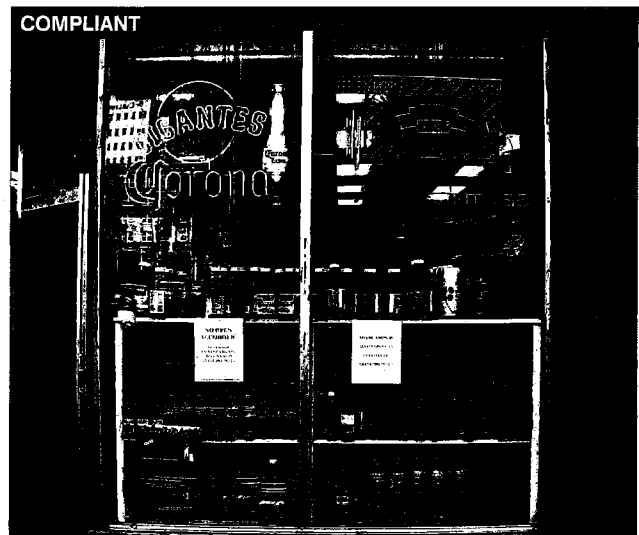
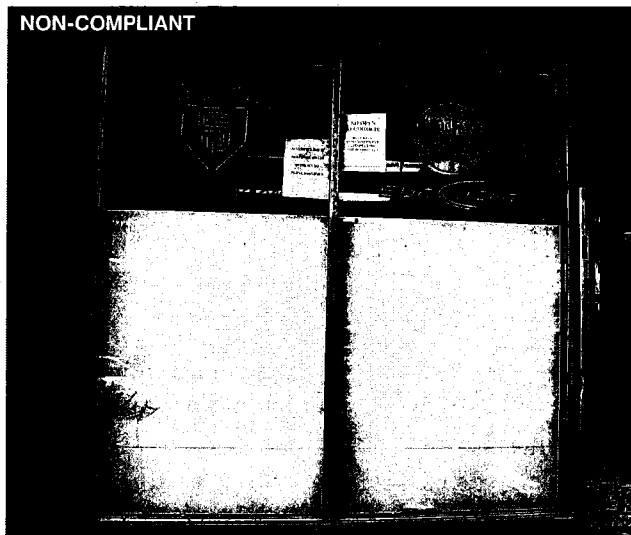


¹ Four feet is used as the minimum height because wheelchair accessible displays are usually no higher than four feet. Eight feet is used as the maximum height because overhead awnings must maintain an eight-foot clearance above the sidewalk. Four feet is used as the minimum depth because it allows the minimum three-foot path of travel required for wheelchairs plus additional space for a display. Seventy-five percent openness is used because it matches the existing required openness for security gates and grillwork in Section 145.1(c)(7) of the Planning Code.

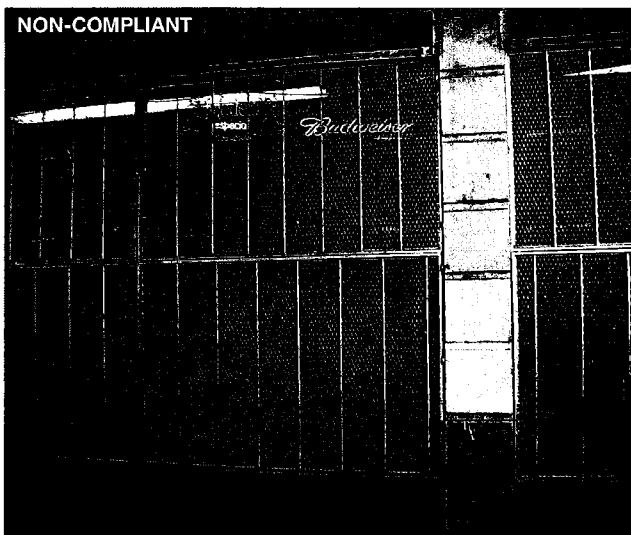
² Window signs that are affixed or adhered directly to the window glass do not require a sign permit. All other business signs must have a sign permit or they are illegal and must be removed.

What This Means for Every Store

Every merchant and store owner should be sure that their storefront is in full compliance with the Planning Code. Below are the five most common violations to look for.



1) Windows that have been covered over with boards, film, or paint must be restored to transparency.

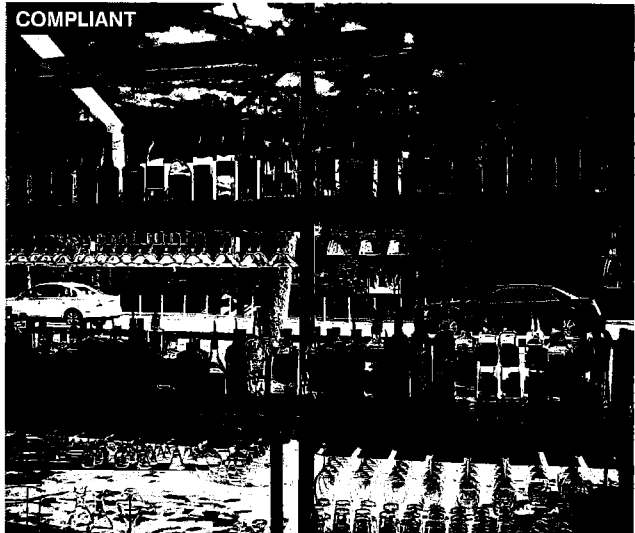


2) Security gates or grillwork on the inside or outside of the window glass must be primarily transparent (at least 75% open to perpendicular view).

NON-COMPLIANT



COMPLIANT

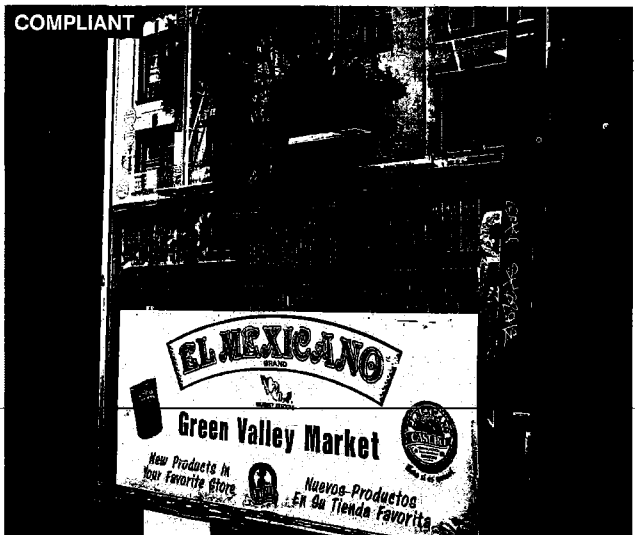


- 3) Shelving, display cases, appliances and other items placed within four feet of the window glass must be no taller than four feet or be primarily transparent (at least 75% open to perpendicular view).

NON-COMPLIANT



COMPLIANT



- 4) All exterior signs must have a sign permit or must be removed.

- 5) Business signs affixed to the window (painted or adhered to the glass) can be no larger than one-third the size of the window in which they are placed.

Frequently Asked Questions

If my building does not have 60% of its ground floor façade fenestrated with windows and doors do I have to add them?

If your building was legally built with less than the current 60% required fenestration, it is "grandfathered in," which means it is legally non-complying with regard to the fenestration. In that case all of the existing storefront windows (up to the 60% standard) must be transparent and provide visibility to the inside.

If my windows have been covered over for several years, aren't they also grandfathered in?

Unless the windows were covered over with a lawfully issued building permit they are not grandfathered in and you must restore them to comply with the storefront transparency requirement.

If I have a display case within four feet of the window that is filled with products for sale, do I have to reduce the number of products on display so that it is 75 percent open?

Only the display furniture and equipment (when empty) must be 75 % open to view for any portion higher than four feet. Products used in sales or service within a display are not restricted.

Do I need a building permit to rearrange my store to comply?

In most cases you do not need a building permit to simply rearrange or replace display furniture, but

you should check with the Department of Building Inspection at 415-558-6088 to be sure.

What if I don't comply?

Until you fully comply with the transparency requirement, you may be subject to enforcement action. In that case there could be a hold on all permit activity for the property ultimately resulting in penalties accruing at a rate of up to \$250 per day.

Are there any additional requirements for historic properties?

Display fixtures may require a greater setback and area than the minimum "visibility zone" defined in this document. You may also be required to provide more than the minimum 60 percent transparency for windows along the ground- and second-floor street frontage. Please consult with a Department Preservation Planner at the Planning Information Center for additional guidance

What assistance is available?

The Office of Economic and Workforce Development has numerous technical and financial assistance programs available to help small businesses that are pursuing improvements to their business. For more information, see OEWD's web site:

<http://oewd.org/Neighborhood-Grants-Loans.aspx>



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May 8, 2014

VIA MESSENGER

Planning Commission President Cindy Wu
c/o Kanishka Burns, Project Manager, Planner
San Francisco Planning Department
1650 Mission Street, Suite 400
San Francisco, CA 94103-2479

Re: Formula Retail Controls

Dear President Wu:

Our firm represents the owners of the 149,000 square foot retail shopping center located at 555 Ninth Street (the "Power Center"). The Power Center's tenants include a number of national retailers, including Bed, Bath & Beyond, Nordstrom Rack, Pier 1 Imports, Trader Joe's, Peet's Coffee and Tea, Chase Bank, and Wells Fargo. Consistent with the findings in the Planning Department's recent economic study of formula retail, the Power Center's large floor plates, combined with its on-site parking and location on busy arterial streets near the freeway on- and off- ramps make it particularly well suited for large formula retail tenants, but *not* well suited for small, independently owned retail outlets. Nevertheless, the Power Center property was rezoned to UMU as part of the Eastern Neighborhoods planning effort and is, therefore, subject to Conditional Use authorization for new formula retail tenants. In the case of the Power Center, this means a CU authorization is required for nearly any change in tenants at the property.

The Department's economic study indicates that formula retail controls have been effective at preserving the uniqueness we all love about the City's traditional neighborhood commercial districts ("NCDs"). The NCDs operate as the "Main Street" for their respective neighborhoods – providing not just retail goods and services, but a center of gravity for the neighborhood and a distinct sense of place. We understand and support the strong public policy rationale for protecting the unique neighborhood character of the City's NCDs.

In contrast, the Department's study points out that formula retail controls on large retail spaces outside the traditional NCDs actually have a negative impact on the City's economy. For buildings like the Power Center, formula retail controls make it more difficult for owners to find high quality tenants willing to endure the time, expense and uncertainty of the CU approval process, and can lead to lengthy vacancies that decrease sales tax revenue for the City, reduce employment, and undermine the viability of other retail outlets in the surrounding area.

Planning Commission President Cindy Wu
May 8, 2014
Page 2

A successful shopping center like the Power Center provides numerous benefits to the City's economy and its residents. The Power Center does approximately \$110 Million in annual sales, generating significant sales tax revenue for the City. In addition, the Power Center's tenants employ about 440 people. Although we do not have data regarding the socio-economic characteristics of these employees, the Department's report points out that larger formula retail outlets are not only more likely to hire a greater number of employees per sales dollar than their smaller competitors, but they are also more likely to employ minorities. This finding echoes a point made by the Economic Opportunity Council of San Francisco at the Commission's January 23, 2014, hearing on formula retail. The Power Center also provides convenient access to affordable, everyday shopping items, which makes San Francisco more livable for a broad range of income earners. In many cases, shoppers would be unlikely to purchase these types of goods from independent retailers. More likely, they would drive over the Bay Bridge or south to another jurisdiction to find similar discount stores, taking their tax dollars with them.

The City's current zoning controls implicitly acknowledge that there are certain areas where formula retail uses are acceptable and even desirable (e.g., Union Square, Potrero Center). Given its nature, history and location, we certainly believe the Power Center is another such place. We urge you to recommend an exemption from the formula retail controls for established formula retail oriented shopping centers like the Power Center that are outside of traditional NCDs. We look forward to working with you to make sensible changes to the City's formula retail controls that encourage beneficial economic activity while preserving the City's small-scale neighborhood retail culture.

Very truly yours,



Charles J. Higley

CJH:rmg

cc: Supervisor Jane Kim
John Rahaim, Director, Planning Department
Amy Cohen, Office of Economic and Workforce Development
AnMarie Rodgers, Planning Department

Burns, Kanishka (CPC)

From: Christin Evans <christin@booksmith.com>
Sent: Tuesday, May 06, 2014 5:59 PM
To: Johnston, Conor (BOS); Burns, Kanishka (CPC)
Subject: HAMA's position on Formula Retail recommendations

Conor,

I attended the final focus group with policy recommendations on formula retail at the Planning department today.

I think I had the same reaction as you did which was to applaud the report and planning department's drafted recommendations with the exception of the recommendation on subsidiaries. We were pleased to see that recommendation is to include international chains in the updated definition of formula retail.

HAMA's position maintains that **subsidiaries should be included** in the definition of formula retail. Additionally, we discussed in today's focus group that in the same affidavit planning should also count the **number of planned locations** for a new business line, such as Starbuck's Evolution Fresh or Liz Claiborne's Jack Space menswear stores. If companies are planning to have 20+ locations within 5 years they should be required to have undergo a conditional use process.

Companies with large resources are able to pay the modest CU costs and it creates a situation where the chain store is compelled to engage with the local community that they will be serving. In the end, its better for the business too because they become more sensitive to local concerns and learn of opportunities to contribute to the commercial area's vibrancy (street fairs, holiday lights, public realm planning, etc).

Chain stores and stores with significant economies of scale are a burden to the city when they use larger trucks on city streets for deliveries. They also detract from the local character with their homogenous signage. They can negatively impact the quality and selection of goods & services available in a community. They send their profits (almost always) out of the city and the state. And, they historically have not participated in the public realm planning processes or the beautification and marketing initiatives of the NCDs. For all these reasons, we feel there should be a higher bar that seeks the community's permission for a national or international chain or its subsidiary to open in an NCD.

And, as for the planners concerns that there is difficulty in accurately determining the number of locations a business has or is planning, this information is already collected from the company in an affidavit submitted to the city at the time they propose to enter the NCD. If a company is untruthful about this and its proven at a later date that can be addressed in the form of punitive measures such as the reopening of the CU, fines or denial of future permits.

Thanks for Supervisor Breed's & your leadership on this issue. We hope the the Planning department will revise its recommendations before they are presented in a few weeks to **include subsidiaries and planned locations**.

Sincerely,
Christin

--

Christin Evans

owner, The Booksmith on twitter and facebook
board member, Haight Ashbury Merchants Association (HAMA)
partner, Berkeley Arts & Letters
director, Keplers 2020



Duboce Triangle Neighborhood Association
PMB # 301, 2261 Market Street, San Francisco, CA 94114
(415) 295-1530 / www.dtna.org

August 12, 2013

Response to Proposed Study "Economic Analysis of Formula Retail"

Attn: AnMarie Rogers
CC: John Rahaim, Director of SF Planning Department
Amy Cohen, Director of Neighborhood Business Development, OEWD
All members, SF Planning Commission
All members, SF Board of Supervisors

The study of formula retail on a citywide scale is long overdue. Concern around the issue has grown, and the Planning Commission is often forced to make controversial decisions with minimal economic analysis to reference. Community members who have attended Commission hearings know well the arguments that are made on either side.

Those supporting formula retailers cite consistent quality of product, job creation, and financial contributions to community organizations. Those opposed draw attention to the increasing retail rents that result, pressure upon local businesses, the conformity of building design and the diversion of expenditure away from the local economy. A firm understanding of those economic impacts that result from formula retailers is indeed needed.

It is our concern, however, that the proposed Scope of Work is both unfortunately broad and dramatically underfunded. Additionally, the proposed analysis seems partially positioned to redefine the classification of formula retail – which may take away from more important questions regarding economic impact. Given the outpour of interest in formula retail controls, for reasons economic and beyond, analysis should focus on the impact of formula retail but more specifically on the impact of formula retail controls.

This letter aims to provide greater focus to the Scope of Work with the intention to produce a more useful economic analysis and potentially reduce the Study's cost. There is a real concern that analysis will come back and say "_____ varies considerably depending on _____", offering an understanding minimally expanded upon what is already known.

In the sense that Hayes Valley may be more comparable to Downtown Boulder than other parts of San Francisco, a thorough literature review of existing retail studies in US markets is strongly encouraged prior to any further analysis. A ten-year review of retail studies, conducted by Austin-based Civic Economics, is found here:
<http://www.civiceconomics.com/app/download/6521669704/The+Civic+Economics+of+Retail.pdf>

Also attached is a study conducted by Civic Economics titled, "The San Francisco Retail Diversity Study", which highlights the \$200M economic impact made possible with a shift to local consumption.

Overall Assessments

- 1) Neighborhood case studies will provide little utility without sufficient analysis to understand neighborhood context and changing market pressures. Case studies may require an extensive amount of time. An extensive literature review should be prioritized, and may offer guidance into the format of neighborhood case studies.

Economic Assessments

- 1) The process of Conditional Use permitting allows for more intensive neighborhood contextual analysis, and often allows for the imposition of controls to mitigate for externalities. A level of deterrence is inherent to the process. Given the Planning Department's analysis however, which concludes that 75% of formula retail CUs have been approved since 2004, it would appear such deterrence is only preventing one quarter of applicants from opening up new locations in San Francisco. The percentage of small businesses that do not consider San Francisco due to the City's permitting process may be worth studying as well, but the permitting process exists for a reason. The study of how CUs discourage potential businesses may be unwarranted.
- 2) There is concern that any study of rental rates may have difficulty accounting for localized economic development and rapidly changing real estate prices. A statistical analysis to control for these factors would be time intensive and would likely yield inconclusive results. While neighborhood-level analysis is encouraged, this level of analysis should be pursued with no more than two neighborhoods so as to yield meaningful conclusions.
- 3) District-specific market evaluation, with a focus on particular business types, will be informative. Those businesses most affected by formula retailers (ie. restaurants, grocers, etc.) should be a focus of this evaluation.
- 4) A better understanding of repercussive business loss after formula retail openings is important.
- 5) In addition to the proposed study of one-for-one formula retail replacement in the same location, the study should analyze one-for-one replacement within a zoning district (such as C3) as well.
- 6) The classification of formula retailers should not be reconsidered. While differences between businesses of this category exist, the grouping of multi-location enterprises remains a useful one. Any location-count threshold for CU will be somewhat arbitrary, but the existing 11-store threshold has become an established convention. We encourage the Planning Department to use data from the Controller's office to assess how many businesses have multiple location in SF, and to expand formula retail analysis to include international locations, but discourage any reconsideration of the existing 11-store threshold.
- 7) As written, it is difficult to understand Item 7.

Neighborhood Character Assessments

- 1) The forecast of qualitative impacts is desirable beyond the scope of this Study. What would prove most useful is for the consultant to develop a methodology to do such qualitative analysis any time a formula retail location is proposed. It will be difficult to generalize qualitative impacts according to districts as classified in this item (retail controls, high concentration of formula retail, low concentration of formula retail), due to the myriad factors that affect a neighborhood's context. .

Large Economic Assessments

- 1) Comparative analysis of other cities may be easiest conducted as a literature review, and more affordably executed by City staff. Any literature review should precede new analysis, to prevent duplicative research.
- 2) Analysis of multiplier effect should occur at the local level but also at the regional level, taking into consideration the effect of supply chain wages, cost advantages, distribution networks, etc.

We conclude by strongly encouraging the Department to consider firms *not* pre-qualified under San Francisco Controller's Office Pre-Qualified pool that have expertise in the field of formula retail analysis – firms referenced in the Planning Department's own memorandum authored July 25, 2013 like Civic Economics and Ridley & Associates. We request a waiver to allow for their participation in the RFP.

We also encourage the Department to conduct such a study on a regular basis, potentially every ten years.

We look forward to working with the selected consultant to better understand the retail markets we all know very well.



Pat Tura

Duboce Triangle
Neighborhood Assoc.



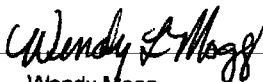
Gary Weiss

Eureka Valley
Neighborhood Assoc.



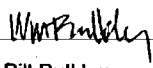
Thea Selby

Lower Haight
Merchant Assoc.



Wendy Moog

San Francisco Locally
Owned Merchants Alliance



Bill Bulkley

Hayes Valley
Neighborhood Assoc.



Deena Davenport

Valencia Corridor
Merchants Assoc.



SMALL BUSINESS COMMISSION
OFFICE OF SMALL BUSINESS



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

August 13, 2013

Sophie Hayward
Planning Department
City and County of San Francisco
1650 Mission St., Suite 400
San Francisco, CA 94103

Dear Ms. Hayward:

At a regular meeting of the Small Business Commission on August 12, 2013, you presented general information pertaining to existing and proposed Planning Code formula retail (FR) land use controls, as well as briefly described a draft request for proposals (RFP) the Planning Department intends to issue for the study of various topics related to FR in San Francisco. The Commission requests that you include in the RFP scope of work several items with relevance for small businesses. The RFP in certain instances already covers topics identified by the Commission, and where appropriate, I have referenced the draft document and provided clarifying information. Where the RFP may not already address a topic, I have summarized the Commission's intent.

Contained in Draft RFP

Overall Assessments, Paragraph 1

- Consider whether FR uses have served, or could serve, as anchors for neighborhood stability and/or revitalization in certain circumstances.

Economic Assessments, Paragraph 3

- Include consideration of non-wage benefits, to include healthcare and vacation/sick leave, when calculating differences between FR and non-FR employers.
- Add a category of analysis to total employment, wage, and benefit differentials that reflects franchise vs. corporate store ownership, in addition to non-FR ownership. Franchisees, while supported in certain ways by a corporate franchise system, are in many respects still similar to independent business owners. Given this similarity, their businesses may offer greater wages and benefits than corporate-owned FR locations.
- Forecast sales tax and other revenues that may return to San Francisco as a result of limited FR development in select categories outside neighborhood commercial districts, especially in terms of large retail stores. There will always exist a certain demand for FR goods, and adjacent jurisdictions have historically satisfied that demand by allowing development of FR

uses in locations convenient to San Francisco residents. Understanding potential fiscal impacts of responsible FR development within San Francisco is important.

Economic Assessments, Paragraph 4

- Assess impacts on existing non-FR businesses caused by new FR businesses opening nearby. It may be useful to evaluate impacts in scenarios of direct competition (e.g. the impact of a Peet's Coffee & Tea on an existing independent coffee shop) and indirect competition (e.g. "spillover" to nearby retailers caused by a new Walgreens pharmacy). Spillover impacts may already be considered in *Economic Assessments, Paragraph 3*.
- Assess neighborhood impacts caused by FR delivery vehicles. FR stores often have larger or more varied inventories, or may require more frequent replenishment, than independent businesses.

Economic Assessments, Paragraph 5

- Analyze variations between lease terms and durations for FR tenants in neighborhood commercial districts when considering replacement of one FR use for another. Often, formula retailers enter longer term leases than independent businesses. When a formula retailer departs during the lease period due to business considerations and continues to pay an elevated lease rate common for FR business types, landlords may opt for a space to remain vacant until another formula retailer willing to pay an equal or greater lease rate is located. Include an assessment of the prevalence and impacts of such vacancies.

Economic Assessments, Paragraph 6

- Catalog descriptive characteristics (i.e. business type, square footage, linear frontage, off-street parking, revenues) for each FR use studied. Several commissioners raised the issue of differentiating among FR uses based on the likely scale of their impacts. One focus of the discussion was on the proximity of impacts, where a Quiznos sandwich shop may affect an area of different size than a Target retail store. The Commission conceived of immediate neighborhood impacts, district-wide impacts, and city-wide impacts, with some consideration given to the convenient accessibility of these uses by those outside the immediate neighborhood, especially in terms of off-street parking availability. Discussion also covered assessing the impacts caused by different categories of FR uses, where food uses may have different impacts than retail uses.
-

Neighborhood Character Assessments, Paragraph 1

- Determine the economic impacts on nearby businesses caused by new FR uses located in neighborhood commercial districts that possess consistent architecture, signage, lighting, and scale, when formulaic designs are not adapted to the local context. Many FR locations appear out of place in the neighborhoods where they are located.

Larger Economic Assessments, Paragraph 2

- Add a category of analysis to local economy multiplier effects that reflects franchise vs. corporate store ownership, in addition to non-FR ownership. Franchisees, while supported in certain ways by a corporate franchise system, are in many respects still similar to independent business owners. They are likely to reside locally and, therefore, may retain a greater share of profits locally than corporate-owned FR locations.

Additional Topics of Interest

Online-only retailers

- Identify local, national, or international examples of online-only retailers opening storefronts in settings similar to San Francisco's neighborhood commercial districts. Many online-only retailers, such as Amazon.com, have substantial resources similar to traditional national or international retailers, but without a sufficient number of outlets to qualify them as FR uses. Currently, they are able to open in neighborhood retail corridors without the scrutiny of FR controls, yet may have the ability to unduly impact the local marketplace. Furthermore, their online trade in broad categories of goods (i.e. clothing, electronics, jewelry), and corresponding ability to frequently display new varieties of inventory, may make assessing and regulating potential impacts difficult.

Expanding product offerings

- Determine the frequency in which FR uses expand beyond their initial product offerings into new categories of business. While all FR uses in neighborhood commercial districts require conditional use (CU) review prior to opening, it is not clear whether approvals limit their ability to expand into other categories. A pharmacy, while initially considered for sale of medicine and personal convenience items, may later expand into grocery and alcohol sales, as one example. More and more businesses are evolving beyond discrete retail categories into selling the greatest possible variety of goods, with unclear impacts for surrounding neighborhoods.

Neighborhood notoriety and economic success

- Examine relationships between neighborhoods with zero or few FR establishments and their prominence in travel/shopping media coverage. Is the prevalence (or absence) of FR related to the breadth of coverage, and does that impact the economic success of businesses in the neighborhoods.

Geographic origins of formula retailers

- Evaluate whether FR impacts vary by the geographic origin of the businesses. In particular, assess impacts in consideration of whether the formula retailer was originally founded in San Francisco and expanded until it met the definition of FR, or whether the business originated outside San Francisco and is now entering the local market. Determine whether the socioeconomic impacts of formula retailers of San Francisco origin vary from those of non-San Francisco origin.

Thank you for providing an opportunity for the Small Business Commission to comment on the Planning Department's proposal.

Sincerely,

A handwritten signature in black ink, appearing to read "Regina Dick-Endrizzi". The signature is fluid and cursive, with the first name "Regina" being more prominent.

Regina Dick-Endrizzi
Director, Office of Small Business

Cc: AnMarie Rodgers, San Francisco Planning Department

To Whom It May Concern: Board of Supervisors
As it Concerns Me: Adriano Paganini

I write as a means of airing my concerns for the latest restrictions being considered in this round of San Francisco's Anti-Formula-Retail legislation. As an entrepreneur, I constantly embrace the opportunity to assess facts, to adjust my thinking, and to make changes as reason and ability will allow. As such, I write hoping that the Board of Supervisors operates in this same way.

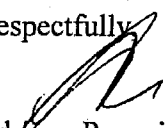
Of particular concern to me is any restriction that takes my business entities – various restaurants that took years to conceptualize, implement, and grow to relevance – and suddenly brands them as a sort of big, bad, automatic, and singular commercial entity. I would not dare to think of them in such a way. If I did, they would fail almost immediately. Likewise, as the Board reevaluates how to shape and nurture the bursting commercial landscape of this brilliant city, failure is imminent when decisions are made to categorize, to limit, or to restrict entrepreneurs with growing concepts like mine. As the Board waves a flag to preserve the existing character and one-of-a-kind style that is San Francisco, why take several one-of-a-kind businesses I have created and treat them as if they are a dime-a-dozen?

Of my thirteen entities, seven of them are Super Duper Burgers while the rest are full-service restaurant concepts. Though the Super Dupers would seem on track to be reasonably labeled as Formula Retail, something still is missing from all this legislation and labeling – even after 16 amendments. My business can be described as “locally grown” “grass-fed” “fresh-daily” “better-for-you” “all compostable” “made in-house” and is the mind-set that fuels Super Dupers’ success: a success that comes *because* the one-of-a-kind San Francisco asks for it. Imagine a McDonalds at 2304 Market Street instead of the Super Duper that currently sits there. Of course, the affect and the experience would be a completely different one: both at the customer level and in regards to the over-all face of the neighborhood. Super Duper is not McDonalds, and yet anticipated legislation would see it as such. I resent the attempts by the Board of Supervisors to categorize my efforts and my business to ultimately restrain me from doing further business in the city I love and support.

Even worse is the legislation that aims to tally up all my singular-concept restaurants and bundle them with my name under the Formula Retail heading. Five years ago we opened Beretta in the Noe/Mission area as one of the first full-service restaurants to bring craft cocktails and delicious food to the every-day diner. Delarosa brings fun, easy, family-friendly food to a vibrant Marina crowd. Starbelly delights the neighboring Castro diners with its laid-back farm-to-table core and its enchanting patio picnic ambiance. Pesce invites the adult seafood connoisseur to enjoy something fresh, light, and Italian *outside* of North Beach. Lolinda draws from its surrounding Mission neighborhood to offer Latin American cuisine at a variety of levels. And, the list will go on... so far as legislation allows. It is one of my greatest joys to find a neighborhood, figure out what it seeks at the core, and then work day and night to put it there. When all is said and done, I employ 550 people giving one-of-a-kind San Francisco hand-tailored versions of exactly what it wants.

For me and people like me, these stores are all my back-yard. I live here, I pay taxes here, my children go to school here, and I would like to continue to do business here without such a defining label as the Board contemplates. I understand and cherish the character that is this city, and I also understand and embrace the many changes that come with rapidly evolving technology, economics, and civil development. I am happy to do my business according to the rules and in the proximity of bigger-business and next generation entrepreneurs-in-the-making, alike. I certainly don't have the answers for how best to cultivate and nurture the appropriate enterprises in this city. That is not what I do. However, in such a dynamic city, it seems that words like “limit” and “restrict” are the wrong kind of words to include in legislation regarding progress. Especially when they limit those who are similar to me: generating ideas custom-made for San Francisco.

Respectfully,


Adriano Paganini



SMALL BUSINESS COMMISSION
OFFICE OF SMALL BUSINESS



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

May 14, 2014

Cindy Wu, President
Planning Commission
1650 Mission St., Suite 400
San Francisco, CA 94103-2414

Subj: Small Business Commission Response to Planning Department's "San Francisco Formula Retail Economic Analysis"

Dear President Wu:

The Small Business Commission conducted detailed discussions of the Planning Department's "San Francisco Formula Retail Economic Analysis" at its regular meetings on April 28 and May 5, 2014, voting 7-0 on the latter date to adopt the recommendations contained herein. The Commission is grateful to have had the expert assistance of Planning Department staff Kanishka Burns and AnMarie Rodgers during the formula retail (FR) working groups held over several months while developing the Analysis as well as for the presentation by Ms. Burns at the Commission's April 28 meeting. With their guidance, the Commission reached consensus on many specific policy topics presented in the Analysis or otherwise known to be under consideration in the various pending legislative proposals to amend FR controls.

You are surely aware of the Commission's interest in formula retail regulations and their impacts on small businesses. It is from this position of great interest that the Commission offers its recommendations on many specific and a few general matters relating to potential amendments to FR controls. Wherever possible, the Commission has attempted to inform its recommendation with the quantitative and qualitative findings of the Formula Retail Economic Analysis. It is the Commission's belief that reforms to the controls will be most successful if based on data rather than preconceived notions or unsubstantiated claims. I thank you in advance for your serious consideration of the Small Business Commission's positions as communicated in this letter.

SMALL BUSINESS COMMISSION RECOMMENDATIONS

Formula Retail Controls – Overall

Generally, the Commission agreed that existing controls were functioning as designed and allowing for substantial community input into the decision making process of whether to grant a conditional use (CU) authorization. The relatively low prevalence of FR uses in most areas of the City when compared to national statistics is suggestive of the efficacy of the controls. Thus, the Commission perceived little need to dramatically reform existing FR controls at this time.

SMALL BUSINESS COMMISSION
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SAN FRANCISCO, CA 94102
415.554.6134 (PHONE)
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KATHLEEN DOOLEY
MARK DWIGHT
WILLIAM ORTIZ-CARTAGENA
IRENE YEE RILEY
PAUL TOUR-SARKISSIAN
MONETTA WHITE
REGINA DICK-ENDRIZZI, DIRECTOR

SUBJ: SMALL BUSINESS COMMISSION RESPONSE TO PLANNING DEPARTMENT'S
"SAN FRANCISCO FORMULA RETAIL ECONOMIC ANALYSIS" (5/14/2014)

Conditional Use Authorization Process

Despite the generally well-structured FR controls in place currently, the Commission observed another statistic suggesting the CU review process continues to be problematic for many business types, including formula retailers. The Analysis found the typical timeframe for CU review of FR uses ranging from 6 to 12 months, and associated costs reaching into the tens of thousands of dollars. Such protracted reviews, when compared to relatively high approval rates upwards of 75 percent, indicate a CU review process that can function more efficiently with little chance of detriment to community character.

Formula retail applicants should be afforded the opportunity to request review under a process similar to that of the Planning Commission's Small Business Priority Processing Pilot Program ("SB4P"). Reviewing FR applications under such a process would expedite reviews for those uses a neighborhood deems desirable, while reserving the greatest scrutiny for controversial applications. Under an SB4P-type process, applicants that have satisfied neighborhood concerns would reduce by months their entitlement review timeline, while neighborhoods would reserve the opportunity to oppose an FR application and request a full review by the Planning Commission. To safeguard against frivolous requests for full review, the Planning Commission should consider establishing a minimum threshold for the number of appellants, possibly related to a proportion of population or to the number of parcels within a certain distance. The process should remain accessible for the community, but not prone to abuse.

Should it prove undesirable or infeasible to allow all FR applications to proceed under an expedited process, then the procedure should at a minimum apply to the subset of applications for like-to-like FR uses triggered by a change in business name or ownership that currently must undergo the full CU process.

Conditional Use Authorization Findings

As part of its concerns related to the CU process, the Commission identified the first finding required by Planning Code Section 303(c) to be particularly problematic. The Commission identified the requirement that a proposed FR use be "necessary or desirable" for the neighborhood or community too indefinite to be of much help to the Planning Commission when deciding whether a use is appropriate in a given location. Rather, the Commission suggested supplementing findings required for an FR use with a more specific standard that such use is "unavailable within walking distance" of the proposed location. A common measure of walking distance is one-quarter mile, which if adopted in this context, would add a quantitative component to the highly qualitative set of findings currently associated with CU review of FR uses.

Worldwide Locations

The Commission determined that worldwide locations should be considered in the calculation of 11 or more establishments used to determine whether a business is subject to FR controls. While the report suggested this could impact as few as 10 percent of formula retailers, it is a sensible application of the regulations used to identify branded entities with formulaic characteristics, especially in a globally connected city such as San Francisco.

Subsidiary Ownership

The Commission determined that subsidiaries majority-owned by one or more parent entities that would themselves be subject to FR controls should be subject to same. Again, while the report identified 3 percent of FR establishments that would be impacted by such a change, it is a reasonable extension of the regulations to prevent evasion of FR controls through creative corporate structuring. Subsidiary businesses that are

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sufficiently unique from their parent entities and that do not exhibit two or more standardized features common with 11 or more other locations would remain exempt from FR controls, regardless of their parent ownership. Adopting this change would simply place the burden on majority FR-owned businesses to demonstrate their uniqueness as part of the review process rather than being exempt from FR regulations entirely.

Expanding Controls to Additional Service Uses

The Commission determined that the FR definition should include an expanded list of personal service, business service, and medical service uses. A primary focus of the FR controls in place currently is to retain "distinct neighborhood retailing personalities" while minimizing "standardized architecture, color schemes, décor and signage ... that can detract from the distinctive character" of neighborhoods. To the extent this focus continues to be relevant, service uses must be included.

The Analysis cautions that expanding FR controls to include more service uses may exacerbate vacancy rates in neighborhoods where services are playing an increasingly important role. The Commission disagrees with this contention as other findings in the report suggest that rents and vacancy rates are more closely correlated to overall macroeconomic conditions. Furthermore, the Commission believes that distinct neighborhood architecture and unique retail and service offerings provide the greatest chance for long-term commercial corridor viability.

Concentration

The Commission believes that controls relating to density, concentration, and/or distance between FR uses should be set within specific NCD zoning districts, not in a citywide standard. The Analysis suggests that development patterns, population density, and other unique neighborhood characteristics make application of a uniform density standard problematic. The Commission agrees with this assertion. It also interprets the report's findings that clustering of FR uses within a merchant corridor makes locating there more attractive to other formula retailers. Thus, adjusting controls to reduce the density of FR in a corridor may reduce future pressure from additional formula retailers.

ADDITIONAL CONSIDERATIONS

The Commission acknowledges that the Analysis was designed to assess only the current extent of FR in San Francisco and the impacts of the City's existing FR controls. In the pursuit of that goal, its authors proved relatively successful. In addition to the topics presented above that have recently been the subject of discussion among the Board of Supervisors and Planning Commission, the Small Business Commission would also like to provide some suggestions of areas for future study, as follows:

Commercial Lease Provisions

The City should investigate the possibility of regulating certain provisions of leases for commercial retail spaces. Requirements related to security deposits, letters of credit, pre-paid rent, and so-called "key money" deserve special attention. The Analysis identified some evidence that landlords are requiring substantial security deposits, letters of credit for 6-12 months rent, and additional fees before agreeing to leases. All of these factors skew in favor of formula retailers to the disadvantage of independent businesses. Perhaps it is possible to amend the City's Administrative Code to regulate the content of leases to restore a more balanced competitive environment for businesses of all sizes and to remove excessive requirements that stifle competition.

SUBJ: SMALL BUSINESS COMMISSION RESPONSE TO PLANNING DEPARTMENT'S
"SAN FRANCISCO FORMULA RETAIL ECONOMIC ANALYSIS" (5/14/2014)

New Criterion for Formula Retailers

The Analysis describes a well-known trend towards online retail for the purchase of an increasingly broad array of goods. Previously restricted to so-called "comparison" goods, online retailers have recently begun expansion into same-day delivery of groceries and other every day convenience items. Should this trend continue, the prevalence of retailers in neighborhood commercial districts might begin to diminish. In their place, service uses – which are difficult to replicate online – may play a larger role in neighborhood corridors.

As the influence of online retailers with large sales volumes but few physical locations continues to increase, it may be prudent to develop a new method of regulating such uses. Since their adoption, FR controls have evolved beyond a mere mechanism to preserve unique neighborhood aesthetics into a tool for ensuring a balanced variety of goods and services offered by businesses of all sizes. The changing nature of neighborhood retail as well as a shift in the focus of FR controls may require a revised methodology for identifying FR uses.

The Planning Department has previously communicated its perceived limitations in regulating certain business characteristics via land use controls. It believed that crafting land use regulations based on business revenue or net income, for instance, could prove challenging due to limited access to such information and unfamiliarity of Planning Department staff with business-centric data. Therefore, any newly developed regime for FR regulation built on these elements may be best situated in another City agency.

Future analysis should be conducted to inform the development of an expanded methodology for defining and regulating FR uses. The Commission found itself dissatisfied with the adequacy of using physical locations as the primary measure of a FR business. In the Commission's view, an online business's fleet of delivery trucks or deployment of unmanned merchandise pickup locations are equally as indicative of a formula retailer as are physical locations. It believed there are additional criteria to rely upon in making a determination of FR status, but lacked sufficient information to make a recommendation on what those criteria are at this time.

More study is necessary to keep pace with the changing dynamics of retail as the influence of online businesses increases. An effort of this sort would benefit from being relieved of the particular time constraints impacting the current evaluation of FR controls.

Adopting New Redevelopment Tools

The Analysis describes the effect large vacant spaces can have on neighborhood commercial corridors. It found that nearly 85 percent of formula retailers occupy more than 3,000 square feet, while 80 percent of independent retailers occupy 3,000 square feet or less. More often than not, these spaces are suitable only for formula retailers whose standard floor plans rely on large floor areas, and whose corporate resources can sustain the increased monthly per-square foot rents. Vacancies tend to persist until an interested formula retailer is identified.

Property owners frequently cite architectural challenges as the main reason preventing them from demising such spaces into small business-friendly storefronts. When creating smaller storefronts is possible, it may be too expensive to make economical sense for some property owners. In other cases, structural elements of a building may truly prove infeasible to overcome. In either case, the City can do more to incentivize the redevelopment of these types of properties that drag on the vibrancy of neighborhood commercial districts.

The Planning Department should partner with the Office of Economic and Workforce Development to assess the feasibility of developing tailored redevelopment tools to assist property owners with large-scale reconfiguration or redevelopment of their difficult to lease buildings. It may be possible to provide grants or low-cost loans to reduce owner barriers to reconfiguring those buildings with potential for reuse but for lack of

SUBJ: SMALL BUSINESS COMMISSION RESPONSE TO PLANNING DEPARTMENT'S
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owner funding and/or skilled architectural expertise. For those buildings that truly cannot be reconfigured, one of the following options may be appropriate:

1. Provide a housing density bonus to mixed-use property owners that commit to redeveloping their properties and to reserving ground floor commercial space in suite sizes of 2,500 square feet or less. Redevelopment under these parameters would provide right-size space for independent retailers as well as provide additional housing units.
2. Establish a certification process for buildings deemed truly too difficult to reconfigure, or unsuitable for density bonus redevelopment, to allow them to retain their large spaces. Criteria applied to review these properties should be very restrictive.

The City can be more actively involved in seeking better outcomes for outmoded buildings in neighborhood commercial corridors.

Improved Monitoring of Changes in FR Uses

The Planning Department may consider developing improved monitoring procedures for FR uses once they have been approved. Several examples exist where formula retailers, generally in the pharmacy or food market categories, have expanded into new product lines that were not initially considered during their CU reviews. A common example is that of a large pharmacy which indicated sales of medicine and sundries when first reviewed, but that has since expanded into selling alcohol, groceries, and other items unrelated to those originally reviewed. Neighborhoods deserve a right to individually consider those expanded uses. The FR controls should explicitly indicate expansions of approved uses require new CU review, and a periodic reinspection program may prove useful to identify violators.

Thank you for considering the Small Business Commission's comments on this very important topic. I applaud the Planning Commission and Planning Department for their thoughtful attention to this matter, which has been part of a long-running conversation among the small business community and at the Small Business Commission. Please feel free to contact me should you have any questions.

Sincerely,



Regina Dick-Endrizzi
Director, Office of Small Business

cc: Jason Elliot, Mayor's Office
Todd Rufo, Office of Economic and Workforce Development

Burns, Kanishka

From: Stacy Mitchell <smitchell@ilsr.org>
Sent: Saturday, March 01, 2014 2:12 PM
To: Burns, Kanishka
Subject: Re: Formula Retail Study Presentation at 2/27 Planning Commission Hearing

March 1, 2014

Dear Ms. Burns,

Thank you for the opportunity to provide comments on the Phase 1 Report (Draft) of the San Francisco Formula Retail Economic Analysis (dated Feb. 18, 2014).

In general, the draft report provides a great deal of very useful information that will help inform citizens and policymakers. It is well constructed and clearly written.

I had a couple of comments with regard to the issue brief on "Employment and Formula Retail." On page 31, the report finds, "On a per-establishment basis, firms with multiple sites tend to employ more workers in San Francisco than firms with a single location." As the report goes on to note, it's hard to do an apples-to-apples comparison of employment because multi-location retail establishments are, on average, larger than single-location establishments.

Another source of data that would offer a more accurate picture of job creation is the U.S. Census Bureau's 2007 Economic Census. There is a dataset that breaks out revenue, employment, and annual wages according to the number of establishments the retail firm has. Looking at all retail firms except for "motor vehicle and parts dealers" and "nonstore retailers," the data show that retail firms with under 10 establishments create 52.8 jobs per \$10 million in sales, compared to 45.4 jobs per \$10 million in sales for retailers with 10 or more establishments.

The difference in employment is almost certainly a little bit larger than this, because most chains self-distribute their goods (employing people in their warehouses), whereas independents rely on wholesalers who have their own employees, which of course are not counted in the figure above.

This Census data also show that retailers with fewer than 10 locations pay average annual wages per employee of \$21,877 compared to \$19,950 for those with 10+ locations. (Since these are annual wages, though, it's of course impossible to know how hourly rates compare.)

Thank you again for the opportunity to comment on this draft.

Sincerely,
Stacy Mitchell
Senior Researcher
Institute for Local Self-Reliance
207-774-6792
smitchell@ilsr.org

On Feb 28, 2014, at 5:14 PM, "Burns, Kanishka" <kanishka.burns@sfgov.org> wrote:

Hi Stacy,

You can submit them directly to me.

Thanks,

Kanishka Burns
PLANNER
www.sfplanning.org | 415.575.9112

From: Stacy Mitchell [mailto:smitchell@jlsr.org]
Sent: Friday, February 28, 2014 2:13 PM
To: Burns, Kanishka
Subject: Re: Formula Retail Study Presentation at 2/27 Planning Commission Hearing

Hi Kanishka,

I had a few comments I wanted to share on the draft of phase 1 of the study. To whom and how should I submit those?

Thanks,
Stacy

On Feb 21, 2014, at 4:40 PM, planningnews <planningnews@sfgov.org> wrote:

<image001.png>

Hello all,

I'm writing to you, as an "interested party," to let you know that there is an item related to Formula Retail on the February 27th Planning Commission agenda. If you wish to continue receiving notifications regarding Formula Retail and the economic study, please sign-up [here](#) to confirm your continued interest.

Item 11 on the February 27, 2014 agenda will be an informational presentation to the Commission to provide an update on the economic study commissioned by the Planning Department focused on analyzing impacts of formula retail controls on San Francisco's neighborhoods. We have completed Phase 1 of the two phase study. Our memo to the

Commission can be read [here](#).

In addition to next week's hearing, we will present updates on the study to the Planning Commission. The tentative dates for the additional hearings are as follows:

1. March 27 (during Phase Two of the study);
2. April 24 (at the completion of Phase Two); and
3. TBA Date (Commission consideration of Department recommendations for policy changes).

Additional information on the economic study can be found on the [Planning Department's website](#). I hope that this information is helpful; please feel free to contact me with questions.

Best,

Kanishka Burns

kanishka.burns@sfgov.org

(415) 575-9112

中文詢問請電: (415) 575-9010

Para información en Español llamar al: (415) 575-9010

Para sa impormasyon sa Tagalog tumawag sa: (415) 575-9121

<image002.png>

Questions?
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<image008.gif>

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<image009.gif>

+
Stacy Mitchell
Institute for Local Self-Reliance
<http://www.ilsr.org>

Tel: 207-774-6792
Twitter: <https://twitter.com/stacyfmitchell>

The Hometown Advantage Bulletin
<http://bit.ly/hometown-advantage>

+
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Tel: 207-774-6792
Twitter: <https://twitter.com/stacyfmitchell>

The Hometown Advantage Bulletin
<http://bit.ly/hometown-advantage>

TEDx Talk: Why We Can't Shop Our Way to a Better Economy
<http://www.ilsr.org/ted>

Burns, Kanishka (CPC)

From: Kathleen Dooley <kathleendooley@att.net>
Sent: Wednesday, April 16, 2014 7:25 PM
To: Burns, Kanishka (CPC)
Subject: Formula retail report conclusions

Follow Up Flag: Follow up
Flag Status: Completed

Kanishka,

After reading the entire report today, I have one major point I would like to make. I am strongly opposed to the idea of allowing "local" businesses such as Pet Food Express or Philz to be allowed a much higher number of outlets before they are considered FR. When any business expands beyond 11 outlets, they have become FR and have all the benefits of any other chain. This is simply the price they need to pay for expansion. If this suggestion had been in place when Pet Food Express tried to open in several NCD's, utilizing their now large corporate structure to pay for a flotilla of lawyers and lobbyists unavailable to other independents, they would have been exempted from the CU process that allowed these neighborhoods to decide it was not a desirable addition and led to their CU's to be denied. Locally originated or not, all businesses that have met the threshold to be considered FR need to go through the CU process. These are no longer mom and pop businesses even if they started out that way. Let the CU process decide if they are a good addition or not to a NCD.

Kathleen

From: IDick@fbm.com
To: [Rodgers, AnMarie](mailto:Rodgers_AnMarie)
Cc: [Rahaim, John](mailto:Rahaim_John); KenC@boma.com
Subject: BOMA's comments on Formula Retail Study
Date: Monday, August 12, 2013 12:19:42 PM
Attachments: [image006.png](#)
[2013-08-12 letter to A. Rodgers @ Planning Dept..pdf](#)

Attached please find BOMA-SF's comments on the proposed scope of the Formula Retail Study.

Thanks,

Ilene R Dick
Spc Counsel Attny
idick@fbm.com
415.954.4958

 **FARELLA BRAUN + MARTEL LLP**

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Farella Braun + Martel LLP

From: cl@ggenuity.com
To: [Rodgers, AnMarie](mailto:AnMarie.Rodgers@sfgov.org)
Subject: Comment on Formula Retail Study Scope of Work
Date: Monday, August 12, 2013 8:41:35 AM

Dear Planning Department,

This letter is written in response to the July/August 2013 Economic Analysis of Formula Retail scope of work.

The scope of work mentions determining the effect of introduction of and changes to formula retail establishments on nearby non-formula businesses. This is relevant to much of our city, however certain areas of San Francisco have exhibited prolonged high commercial vacancy rates and suffer from blight associated with abandoned buildings.

In particular, areas of the Bayview neighborhood of San Francisco have a large commercial vacancy rate. The effect of formula retail on a neighborhood is different when it competes with non-formula businesses vs. when it enters an area that is generally underserved by retail.

The Economic Analysis of Formula Retail should include analysis of the effect of formula retail on areas that are generally underserved.

Best regards,
Jonathan Germain
Bayview resident

> Dear Interested Party,
> Last week the San Francisco Planning Commission held a hearing on formula retail. You can review the materials that were before the commission here: <http://commissions.sfplanning.org/cpcpackets/2013.0936U.pdf>. In response, the Commission passed a resolution authorizing a study of the issue and seeking public comment on the scope of that study. Attached is
> the draft scope. To provide comment on the scope of work for this study,
> please reply to
> AnMarie.Rodgers@sfgov.org <<mailto:AnMarie.Rodgers@sfgov.org>> .
> We encourage comment on this scope by August 5, 2013--> Comment period now
> extended to August 12, 2013.
> Due to the multiple proposals pending to amend the City's formula retail
> controls, the City seeks to secure a consultant and complete the study by
> this fall so that the pending proposals to change formula retail can be informed by data and public comment. The Department will schedule a hearing on the draft study prior to completion of the study. After completion of the study, the Department will use the study to make policy
> recommendations to the Planning Commission. Ultimately and with benefit of
> public comment, the Commission will make policy recommendations to the Board of Supervisors.
> This effort will be strengthened with your involvement. If you are receiving this email, you are already on our contact list. Others may

subscribe to the list titled "legislative updates" by enrolling here:

<http://signup.sfplanning.org/>

> AnMarie Rodgers, Manager

> Legislative Affairs

> Planning Department | City and County of San Francisco

> 1650 Mission Street, Suite 400, San Francisco, CA 94103

> Direct: 415.558.6395 | Fax: 415.558.6409

> Email: anmarie@sfgov.org <<mailto:anmarie@sfgov.org>>

> Web:

> <http://www.sf-planning.org/Legislative.Affairs> <<http://www.sf-planning.org/index.aspx?page=2832>>

Property Info Map: <http://propertymap.sfplanning.org/>

> [facebook-logo-square] <<https://www.facebook.com/sfplanningdept>>

[flickr]

> <<http://www.flickr.com/photos/sfplanning>> [twitter-logo-square]

<<https://twitter.com/sfplanning>> [you-tube1]

> <<http://www.youtube.com/sfplanning>>

From: [Paul Wermer](#)
To: [Rodgers, AnMarie](#)
Cc: [ptura@me.com](#); [Stefani, Catherine](#)
Subject: Comments of Formula Retail Economic Study
Date: Friday, August 09, 2013 12:35:09 PM
Attachments: [Comments re FR scope of work v.2.pdf](#)

AnMarie,

my comments on the draft scope of work are in the attached pdf file.

these comment reflect my analysis, and do not necessarily represent to views or comments of any organization

Cheers,
Paul

--

Paul Wermer Sustainability Consulting
2309 California Street
San Francisco, CA 94115

+1 415 929 1680
paul@pw-sc.com

www.pw-sc.com

From: Higley, Charles J.
To: Rodgers, AnMarie
Cc: DWong@spiholdings.com; Peter Meier (PMeier@spiholdings.com); "Low, Allan E. (Perkins Coie)"; Duffv, Pamela
Subject: Comments re Formula Retail Study Scope
Date: Monday, August 12, 2013 3:00:46 PM
Attachments: image002.png

Dear Ms. Rodgers:

We have reviewed the Planning Department's draft request for proposals for an Economic Analysis of Formula Retail. On behalf of our client, SPI 555 9th Street, LLC, we recommend that the scope include a task directing the consultant to identify existing examples within the City where formula retail centers are appropriately located and provide a benefit to the City and its residents.

Understanding where formula retail is currently working well in the City will inform decisions about where and what types of formula retail controls the City should adopt. This analysis seems particularly relevant to the "Neighborhood Character Assessments" section.

In addition, we recommend that the "Larger Economic Assessments" section review successful formula retail centers in the City and the benefits they provide. This section should also consider the effects of "leakage" of retail activity to neighboring jurisdictions where desirable outlets are not available in the City or are inadequate to address market demand.

Thanks for your consideration of these recommendations. We look forward to working with the Department as this process moves forward.

CJ Higley

**Coblentz
Patch Duffy
& Bass LLP**

One Ferry Building, Suite 200
San Francisco, CA 94111-4213

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O 415 391 4800
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www.coblentzlaw.com

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From: jason henderson
To: Rodgers, AnMarie
Subject: Formula Retail & 555 Fulton
Date: Friday, July 26, 2013 6:43:49 PM

Hi AnMarie,

Long time no see. Hope you are well. I just got notice that you are putting together a economic study on formula retail.

I have a suggestion I'd like to talk with you about, based on 555 Fulton an parking.

As you know Fulton Street Ventures (FSV) is requesting a legislative amendment to the formula retail ban in Hayes Valley. The rationale of FSV is that the grocery store project is only "economically viable" with the elimination of the formula retail ban.

Another way to look at this is that only a chain store can afford the lease FSV will expect to recoup their development expenses.

At this point FSV has not presented us with a true or accurate assessment of economic viability. This takes us to parking.

The Market and Octavia Plan allows, by right, a commercial ratio of 1:500 (1 parking space for each 500 square feet of commercial/ retail space) at 555 Fulton. At 32,800 square feet of retail, this would amount to 66 spaces for the grocery store. However, the previous developer asked for more retail parking. The Planning Commission granted them an increase in the commercial parking beyond the permitted amount – to 77 spaces. In 2010 HVNA objected to the excess parking request (from 66 to 77) but we did not press this issue very hard.

How does parking impact "economic viability" for the project? I have surveyed several experts and they all give me this ballpark cost range: \$80-\$100,000 per parking space in an underground garage. All of them say these dollar amounts are dated and probably higher. This excludes the opportunity land costs, the operations and maintenance, etc. This is just to build a single parking space. A proposed grocery store in the Tenderloin penciled out at \$100,000 per space, and this was a factor in why they did not end up with a store there. Also, grocery store parking requires more electrical, lighting, security, and air ventilation than residential.

77 (parking spaces) x \$100,000 (cost per space)= \$7.7 million dollars!!!!

The cost of parking is transferred to the tenant (i.e the grocer) and then to the shoppers.

The parking for the grocery store at 555 Fulton is going to literally "drive-up" the rents for whoever leases the store space. This makes it more difficult to find an indepent, non chain, affordable grocer and will also translate into higher food prices, since grocers transfer the cost of parking onto ALL shoppers regardless of whether they drive or not.

The HVNA T & P committee has urged the developer to consider eliminating ALL or most of the retail parking, thus lowering construction and operating costs, and providing a truly local, walkable and bikeable grocery store.

I guess is sum - how does parking drive up rents this making formula retail appear to be the only economically viable option for a grocery store?

--

Jason Henderson
San Francisco, CA
94102

From: Jeremy Blatteis
To: Rodgers, AnMarie
Subject: Formula Retail
Date: Monday, August 12, 2013 5:24:46 PM
Attachments: DOC081213-08122013162608.pdf

Dear Ms. Rogers,

Please find enclosed a signed letter regarding the ongoing discussion of formula retail in San Francisco.

Thanks,

Jeremy F. Blatteis
Blatteis Realty Co., Inc.
44 Montgomery Street, Suite 1288
San Francisco, CA 94104
CA Broker LIC# 01460566
Direct: 415-321-7493
Email: jfblatteis@blatteisrealty.com
Fax: 415-981-4986
www.sfretail.net

Blatteis Realty Co., Inc. founded in San Francisco in 1922, was one of the first real estate firms to specialize in retail leasing and brokerage. Today, the company has a national focus on the leasing and sales of high profile properties and bringing a select portfolio of retailers and restaurants to the San Francisco Bay Area.

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-----Original Message-----

From: Toshiba copier [<mailto:blatteisrealty@blatteisrealty.com>]
Sent: Monday, August 12, 2013 4:26 PM
To: Jeremy Blatteis
Subject: Send data from ToshibaCopier 08/12/2013 16:26

Scanned from ToshibaCopier.
Date: 08/12/2013 16:26
Pages:2
Resolution:150x150 DPI

No virus found in this message.
Checked by AVG - www.avg.com
Version: 2013.0.2904 / Virus Database: 3209/6535 - Release Date: 07/30/13
Internal Virus Database is out of date.

From: Jeremy Blatteis
To: Rodgers, AnMarie
Cc: Farrell, Mark
Subject: Formula Retail
Date: Monday, August 12, 2013 5:26:16 PM
Attachments: DOC081213-08122013163545.pdf

Dear Ms. Rogers,

Enclosed please find a short letter reflecting Blatteis Realty's opinion on the proposed further tightening of so called formula retail. Our San Francisco Supervisors should understand that further restrictions on "formula retail tenants" will only harm our City's economy.

PS: I am proud to say that I am speaking as a lifelong San Franciscan!

Thank You,

Jeremy F. Blatteis
Blatteis Realty Co., Inc.
44 Montgomery Street, Suite 1288
San Francisco, CA 94104
CA Broker LIC# 01460566
Direct: 415-321-7493
Email: jfblatteis@blatteisrealty.com
Fax: 415-981-4986
www.sfretail.net

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From: [Geoffrey Cullen](#)
To: [Rodgers, AnMarie](#)
Subject: Formula Retail Comment
Date: Wednesday, July 31, 2013 3:26:43 PM

Hello,

I wanted to quickly state my support of supporting local business by continuing to ban formula retail chains in certain areas of the city. I am specifically involved in the Mission district and concerned of the "Jack Spade" company moving into the former Adobe Books location. Jack Spade is owned by a larger chain but only has 10 stores in the US and 13 globally. Simply the fact that a company is owned by a larger chain qualifies them in my opinion, to be considered a chain. I ironically consider myself a libertarian but believe that individuals have the right to group together and have a say in what type of community they live in. This fact along with the obvious financial benefits to the local community and the cultural impact in which a local store can have has me in full support of opposing retail chains and maintaining a great balance to our vibrant community. Thanks so much for your time and attention to this issue.

Best,

Skip Cullen

skipcullen19@gmail.com

From: Richard Gumbiner
To: Rodgers, AnMarie
Subject: formula retail consultant study
Date: Sunday, August 11, 2013 10:43:36 AM
Attachments: 184F6DA4-C0C8-487A-8926-F14B68BAC45A[13].png
90767366-E2F7-4B96-B0F5-069CFCC31A82[13].png

Ms. Rodgers,

I am writing out of concern for the process for the consultant selection and study for the formula retail issue.

I would like to ask that the study include the following:

1. DEFINITION OF PROBLEM: specifically what perceived problem is causing the need to consider a "ban" on a particular business enterprise in our city
2. DEFINITION OF FORMULA RETAIL: What should define formula retail? How did the current definition arise (arbitrary choice of 11 stores- research history)? How would the agreed definition and resulting ban solve the problem? Does the ban include quasi-retail formula businesses in our retail districts, like State Farm Insurance or Coldwell Banker Real Estate offices? Would it include a Shell or Valero Gas Station? What if a famous chef opens a restaurant under a certain name, but he also owns many other restaurants under different names? Is this formula retail? The definition needs to be extensively spelled out. Why is a business defined by the federal government as a "small business" being considered the same as a huge corporation by the City of San Francisco? (compare with federal Small Business Administration definitions).
3. CHANGES OVER TIME: What happens if a local grown business (like Philz Coffee), through their successful operation, suddenly finds themselves expanded to the size of "formula retail"? What happens to companies that currently have leases that might be "banned"? Are the leases canceled by the City regulation? Is their option to extend their lease canceled by the City regulation? Would owners of properties be compensated for "taking of their property" if leases are canceled or lease rights (under California law) is taken away by the City?
4. POINT OF VIEW: This study needs to view all aspects of the situation. In addition to concerns of merchants, local consumers and neighborhood residents should be polled about their views and shopping needs and whether they would object to removal of formula retail businesses from their communities.

Thank you for including these topics in the scope of work for the consultant's formula retail study.

Sincerely,

Rich Gumbiner, Broker Associate
CA DRE Lic#00763869



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From: [Komal Paniwani](#)
To: [Rodgers, AnMarie](#)
Subject: Formula Retail Control Study Comments
Date: Monday, August 12, 2013 5:08:24 PM
Attachments: [SF Beautiful Formula Retail comment 08 12 13.docx](#)

Hello AnMarie Rodgers,

Please find attached our comments for the scope of work for the study on impacts of formula retail.

Best,
Komal Panjwani
Intern
San Francisco Beautiful
100 Bush Street | Suite 1812 | San Francisco, CA | 94104

(415) 421.2608 | komal@sfbeautiful.org

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From: Jean Yaste
To: Rodgers, AnMarie
Subject: Formula retail hearing - public comment
Date: Wednesday, July 31, 2013 7:01:40 PM

Hello Ms. Rodgers,

I am writing to express my concern, as a new (5 years) resident of SF, that our city please update our definition of "formula retail."

In the case of Jack Spade, I feel it is a formula retailer due to the fact that it shares financial resources with a multi-national corporation. In order for the formula retailer law to protect small businesses in SF, it must be updated to consider the number of retail stores AND how much money the chain is able to pull from. Jack Spade shares financial resources with a huge corporation with hundreds of outlets, it is that corporation with hundreds of outlets, they simply "rebranded" it. Please do not let our cultural commons vanish into thin air at the behest of corporations that don't have the good sense I say enough is enough.

Thank you in advance for your good judgment in this matter.

Best,
Jean Yaste
SF resident
Director at SFCLT

From: Terry Brumbaugh
To: Rodgers, AnMarie
Cc: Lesley Leonhardt
Subject: Formula Retail in San Francisco
Date: Wednesday, July 31, 2013 12:46:05 PM

Greetings Anmarie,

My name is Terry Brumbaugh and I have a small retail jewelry store on Union Street. I support Formula retail on our street. Having Sur La Table open on this street can only be of a great benefit to all merchants. We seriously need more traffic as Union Street has gone through many changes since 2008. A known store like many Formula retail have a draw, as they are familiar brands. Traffic is what makes a street vibrant and I think I can speak for many merchants here, that we need more. We have actually lost 3 Formula retail establishments in the last year and that has proven to hurt other businesses.

--

Regards, Terry Brumbaugh

Terry Brumbaugh
Union Street Goldsmith
www.UnionStreetGoldsmith.com
(415) 776-8048

From: [Stephanie Hong](#)
To: [Rodgers, AnMarie](#)
Cc: [Lesley Leonhardt](#)
Subject: Formula Retail in SF
Date: Saturday, August 03, 2013 10:46:02 AM

I am interested in participating. Thanks.

--

Best,

Stephanie

Stephanie Hong
Chief Operating Officer
VPSF Inc dba Real Food Company
2140 Polk Street
San Francisco, CA 94109
www.realfoodco.com
www.facebook.com/realfoodcompany
www.linkedin.com/in/hongstephanie

415.518.3451 cel phone
415.723.7231 fax

"The goal of Real Food Company is to provide our neighborhoods with natural, organic, and local groceries in a manner which strives for the greatest possible harmony with nature and our communities. We look for quality and integrity in our products and we strive to exemplify that in the service that we provide."

P.S. Since I might be emailing you during off hours, please feel free to ignore this email until regular business hours. Thank you!

From: [Lazzareschi, Ben @ San Francisco](#)
To: [Rodgers, AnMarie](#)
Subject: Formula Retail Letters Cornish & Carey, NKF Retail Group
Date: Tuesday, August 13, 2013 10:58:03 AM
Attachments: [FR recomendation C&C NKF.docx](#)

AnMarie,

Attached is a signed letter from Cornish and Carey Commercial's Retail real estate group.

Please review as part of the public comment section for the consultant study.

Thank you,

BML

Ben Lazzareschi | Vice President | Lic. 01414579
CBRE | Retail Services
101 California Street, 44th Floor | San Francisco, CA 94111
T 1.415.772.0335 | F 1.415.772.0459 | C 1.415.810.8546
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Retail 24/7.

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From: Neuburger, Tom
To: Rodgers, AnMarie
Subject: Formula Retail Letters Cornish & Carey, NKF Retail Group
Date: Tuesday, August 13, 2013 11:35:48 AM
Attachments: FR recomendation C&C NKF.docx

Dear Ms. Rodgers:

The City of San Francisco's pending study on Formula Retail (FR) is extremely important. The gravity of these findings will have a major impact on the economy of this world class city.

The study will dramatically affect the City's retail leasing landscape. Restricting market rent through Formula Retail laws will effect property values, property tax and sales tax revenue and deter retail concepts from coming to San Francisco. In an attempt to create diversity and protection for local business by blocking efforts of FR defined boutiques, restaurants, financial institutions, and other tenants, ill-conceived or politically motivated codes will have the opposite effect. Restrictive Formula Retail codes will foster a monoculture of untested concepts and tenants that survive in an artificial business environment.

Please take the points and issues of the attached letter into consideration. Please contact any one of the signees for consultation or opinion.

Tom Neuburger
Senior Associate
Cornish & Carey Commercial
Newmark Knight Frank
Retail Services
One Bush Street, Suite 400
San Francisco, CA 94104
D 415.445.5129
C 510.206.6001
F 415.445.8885
tneuburger@ccareynkf.com
RE License #01856424

 Save a Tree - Think Before You Print.

From: Neuburger, Tom
Sent: Tuesday, August 13, 2013 10:37 AM
To: 'Mendelsohn, Pamela'; ben.lazzareschi@cbre.com
Cc: cbaird@terrnomics.com; jfblatteis@blatteisrealty.com; Cecconi, Anne; mikechid@vmade.com; jcrane@f-sc.com; rdiaz@terrnomics.com; Elliott, Erika; tessegian@terrnomics.com; victor@fandelretail.com; david@runyongroup.com; carol@cgiretail.com; richard@starboardnet.com; Hoke, Karen; mholmes@retailwestinc.com; chris.homs@terrnomics.com; Johnson, Vikki; ben.lazzareschi@cbre.com; jmoskowitz@edwardplantcompany.com; kazuko.morgan@cushwake.com; eric@fandelretail.com; Natunewicz, Ann; jennifer.pelino@cushwake.com; tplant@edwardplant.com; Portugeis, Ross; laura.sagues@cbre.com; libby@seifel.com; - Agents Retail (SF)
Subject: Formula Retail Letters Cornish & Carey, NKF Retail Group

Pam and Ben – Thank you for spearheading this effort. Signatures from Cornish & Carey's Retail Group are attached.

Tom Neuburger

Senior Associate
Cornish & Carey Commercial
Newmark Knight Frank
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RE License #01856424

 Save a Tree - Think Before You Print.

From: Ricci, Daniela [<mailto:Daniela.Ricci@colliers.com>] **On Behalf Of** Mendelsohn, Pamela
Sent: Monday, August 12, 2013 9:51 AM
To: ben.lazzareschi@cbre.com; Mendelsohn, Pamela
Cc: cbaird@terrnomics.com; jfblatteis@blatteisrealty.com; Cecconi, Anne; mikechid@vmade.com; jcrane@f-sc.com; rdiaz@terrnomics.com; Elliott, Erika; tessegian@terrnomics.com; victor@fandelretail.com; david@runyongroup.com; carol@cgiretail.com; richard@starboardnet.com; Hoke, Karen; mholmes@retailwestinc.com; chris.homs@terrnomics.com; Johnson, Vikki; ben.lazzareschi@cbre.com; jmoskowitz@edwardplantcompany.com; kazuko.morgan@cushwake.com; eric@fandelretail.com; Natunewicz, Ann; Neuburger, Tom; jennifer.pelino@cushwake.com; tplant@edwardplant.com; Portugeis, Ross; laura.sagues@cbre.com; libby@seifel.com
Subject: REMINDER: Formula Retail Letters

Hello,

This is a reminder to send in your personal letters to the Planning Committee; specifically, to the email below:

anmarie.rodgers@sfgov.org

If you have not had time to write a personal letter, would you consider signing the attached document and sending to the address above? If you do so, please let me know.

Thank you,

Pamela Mendelsohn

Pamela Mendelsohn

Senior Vice President | Retail Services Group
Real Estate License # 00953050
Direct +1 415 288 7811
Main +1 415 788 3100 | Fax +1 415 433 7844
pamela.mendelsohn@colliers.com

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50 California St., Suite 1900
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www.colliers.com

From: [Jennifer Pelino](#)
To: [Rodgers, AnMarie](#)
Cc: [Kazuko Morgan](#)
Subject: Formula Retail Recommendation
Date: Tuesday, August 13, 2013 10:58:53 AM
Attachments: [image001.png](#)
[FR Recommendation Jennifer Pelino.pdf](#)
[FR Recommendation Kazuko Morgan.pdf](#)
[ATT00001.txt](#)

Anmarie,

I am writing in concern for the process in the consultant selection and study for the formula retail issue. Please find attached our recommendation.

Thank you for your consideration.

Jennifer

Jennifer Pelino Lic. #01901824

Retail Services



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jennifer.pelino@cushwake.com



425 Market Street, Suite 2300
San Francisco, CA 94105

From: Sagues, Laura @ San Francisco DT
To: Rodgers, AnMarie
Subject: Formula Retail Recommendations
Date: Monday, August 12, 2013 7:13:21 PM
Attachments: FR Recommendations Laura Sagues.pdf

Ms. Rodgers,

Please see attached regarding the proposed changes, I hope that you will take the time to consider these thoughtful points.

Best,
Laura

Laura Sagues | Lic. 01888298
CBRE | Urban Retail
101 California Street, Suite 4400 | San Francisco, CA 94111
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To meet me via video visit: www.cbre.com/laura.sagues

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From: Rhonda Diaz Caldewey
To: Rodgers, AnMarie
Subject: Formula Retail Scope of Work
Date: Monday, August 12, 2013 4:58:44 PM
Attachments: SFPRINTER2721.pdf

Dear Planning Committee,

I join my commercial real estate retail industry colleagues in signing the attached commentary and recommendation for the Formula Retail Study. In addition, I recommend that the study also evaluate:

1. The financial harm caused to property owners -- specifically those who rely on income as part of their livelihood or retirement plan
2. The fees collected by the city to date from various formula retail conditional use efforts and how those additional dollars have benefitted the City,
3. The branding impact on the City of San Francisco from that of a city that was once diverse and open to new ideas...to a city that has adopted extreme ideas that benefit few, and harm many (loss of property value, loss of jobs, loss of associated manufacturing and distribution facilities, etc.). This is feedback about the current perception of our city that I receive on a weekly basis from retailers all over the world.
4. The potential branding impact on tourism in our city as it segues from one that is a multi-faceted collection of retail concepts from around the world as well as locally, to that of a one-dimensional character of local or small businesses only.
5. Comment on the business life cycle of brands as they jump from one store to the critical mass number of say 25, and the resulting economies of scale.
6. The impact on our future retail innovation and entrepreneurship -- two hallmarks of our San Francisco pride -- when its influence by and access to all good ideas is restricted.

Regards,
Rhonda Diaz Caldewey
Partner
Terranomics

From: Jessica Birmingham
To: Rodgers, AnMarie
Subject: Formula Retail Scope of Work
Date: Monday, August 12, 2013 4:38:18 PM
Attachments: SKMBT_C65413081216330.pdf

Hi AnMarie,
Attached please find my letter as recommendation on the Formula Retail Scope of Work.

Thanks,
Jessica

Jessica Birmingham
Associate Vice President
201 California Street, Suite 800 San Francisco, CA 94111

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jbirmingham@terrnomics.com www.terrnomics.com [vcard](#)
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The Retail Division of Cassidy Turley
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From: [Christopher Homs](#)
To: [Rodgers, AnMarie](#)
Subject: Formula Retail Scope of Work
Date: Tuesday, August 13, 2013 9:28:42 AM
Attachments: [FRSW 8.12.13.pdf](#)

Hello Ms. Rodgers:

Please find attached a letter containing input and suggestions for expansion of the Formula Retail Scope of Work.

Thank you for your consideration.

Regards,
Chris

Christopher Homs

Vice President
201 California Street, Suite 800 San Francisco, CA 94111

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From: Jamie Whitaker
To: Rodgers, AnMarie
Cc: Veneracion, April
Subject: Formula Retail Study Comments - South of Market in particular
Date: Sunday, August 11, 2013 7:57:14 PM

Hi AnMarie,

Thank you for the opportunity to offer comments on the Planning Commission's request for a study of formula retail in San Francisco.

As some background, I live in the Rincon Hill neighborhood in the South of Market District. There are about 6,000 residents today with plans for about 20,000 residents living in SoMa east of 2nd Street in new dwellings in the Rincon Hill Area Plan or Transbay Redevelopment Plan zones.

The existing businesses are very much oriented to serve the weekday, 8am to 5pm 150,000 or so office workers who commute to the area. The existing businesses tend to close up at 3 pm on Friday and not re-open until Monday morning. Exceptions to that rule are mostly expensive, business expense or special occasion restaurants such as Prospect, Boulevard, Chaya, Waterbar, One Market, and Epic Roast House which may as well not exist for those of us who do not think \$25 for a burger is "normal."

I'd like to suggest that the study consider how the following design characteristics self-select which businesses end up leasing or buying commercial spaces in the South of Market District, especially Rincon Hill (which I consider the entire area south of Market Street to the Bryant Street and east of 2nd Street), South Beach, and Mission Bay:

1) Design/Function of Commercial Spaces: What are the sizes of the commercial spaces approved? How do the sizes of the commercial spaces being approved/built affect the ability of small businesses to afford leases or purchases of these new spaces? Are the spaces built with proper ventilation for full kitchens - and if not, why not? How does the design influence the profitability potential of smaller, casual dining restaurants or retail businesses?

2) Lack of Public Infrastructure: How does the absence of the 12-Folsom bus line east of 2nd Street affect the attractiveness/potential profitability for commercial spaces east of 2nd Street? For a neighborhood that went through the Planning Commission and Board of Supervisors under the notion that it was a transit oriented development neighborhood, how does the removal of the 12-Folsom bus line deter casual dining and other neighborhood serving businesses from locating in Rincon Hill? Public parks often play the role of anchor tenant - or a major destination, so-to-speak, for residents to meet and provide foot traffic to and from; How is the discriminatory policy of the San Francisco Recreation and Parks Department, despite the \$16 million and growing in general fund allocated property tax revenues Rincon Hill pays to the City each year, to ignore the need for public parks and open spaces paid for by the General Fund east of 2nd Street in Rincon Hill affecting the attractiveness of the area for neighborhood-serving businesses like sporting goods, gourmet markets, or casual dining/take out restaurants?

3) Parking: How does the recently implemented, discriminatory \$7 per hour "event

pricing" and "evening" 6pm - 10pm evening active parking metering affect the ability of businesses to survive within the SFMTA's "Mission Bay/Giants Ballpark Parking Zone?" How does the fact that metered parking is free after 6pm in every other part of San Francisco influence the decisions of consumers to avoid shopping our businesses along the SoMa waterfront? With the Giants Ballpark game attendees (and maybe Warriors Arena attendees in the future) acting as an unprecedented consumption of street parking around businesses like Hi-Dive, Delancey Street Restaurant, and Pawtrero Dog Food and Bath, how can the City modify the parking meter rules directly near our businesses to discourage Giants game attendees from sucking up the metered parking and killing our existing businesses on event nights? Perhaps 1.5 hour time limit with "normal" parking meter pricing instead of the \$7 per hour event pricing? It is still discriminatory and harms local businesses because no other area of the City has so many parking metered spaces and no other area has meters running after 6pm on weekdays and weekends.

4) Design of Residential Dwellings: How does the small, 220 foot minimum size dwellings in South of Market affect businesses' choices to locate in the area? How does the transient nature of the dwellings' small sizes, which discourage long-term residency in the area and push families out of South of Market regularly because the Planning Department does not require more 2-bedroom and 3-bedroom units, affect the desirability of the area for retail/dining businesses to locate in SoMa and Rincon Hill in particular?

5) Traffic Congestion: Weekday evening traffic congestion harms the health and well-being of residents, and documented very well by the City's epidemiologists in the Department of Public Health's Environmental Health Division. How does the traffic congestion gridlock affect the hours of operation of businesses in SoMa? How does the removal of street parking on week day evenings for additional traffic lanes impact the businesses in the area? How does it affect the attractiveness of the area to businesses? What should be done to both improve the lifespans of residents and the availability of neighborhood serving businesses to help discourage residents from adding to the traffic congestion due to the need to drive out of the area (which has not 12-Folsom bus service anymore, since December 5, 2009) to obtain a casual dining experience or neighborhood serving business goods or services?

6) Public Safety: When Gordon Biersch restaurant at 2 Harrison Street converted its use from restaurant to office space for Mozilla, the neighborhood lost our thread of public safety due in the evenings near the Folsom/Harrison MUNI Metro station because we lost our eyeballs on the streets on that corner after 5pm. How do we stop ground floor retail spaces from getting converted to office spaces by way of landlords jacking up lease rates beyond what makes economic sense for restaurants like Gordon Biersch? How do we make sure that businesses moving into the ground floor retail spaces stay open past 3pm and open up on the weekends - do we ban doctor offices? Lawyers? Dentists? Banks? How do pawn shops, paycheck cashing, and liquor stores affect public safety? How does the attraction of ticket scalpers, panhandlers, and criminals to an area hosting large events like Giants or Warriors games affect the desirability for a family to open a business who may not be able to afford replacing smashed windows or painting over graffiti constantly?

Some miscellaneous comments:

- South of Market's commercial corridor focus needs to be Folsom Street, but the SFMTA is not helping us by delaying the implementation of a 2-way Folsom Street to

improve pedestrian safety and so on from the water to Division Street.

- South of Market's Rincon Hill residents have to drive to get to a grocery store. No one is going to walk across traffic sewers like 1st Street or Folsom Street with a cart full of groceries when they make over \$100,000 per year and can afford to own a car. How does the City first get a commercial space built that is intended and large enough for a major grocery retailer like Trader Joe's? How does the City help influence such a store to move into the area to help residents stick with the idea of walking instead of driving to destinations such as grocery stores?

- Chain stores are welcomed along the SoMa waterfront, in my opinion, if the alternative is empty storefronts with unattractive window hangings or regular vandalism as an alternative.

- How does Rincon Hill grow as a residential neighborhood sitting in the shadow of the Bay Bridge and 150,000+ daily office workers who treat the area like an obstacle with expendable pedestrians to run over? More succinctly, when does SoMa get some respect from City Hall?

Thank you!

jamie whitaker
201 harrison st. apt. 229
san francisco, ca 94105-2049

From: zonalhome@gmail.com on behalf of [Zonal](#)
To: [Rodgers, AnMarie](#)
Cc: [Johnston, Conor](#)
Subject: formula retail study
Date: Friday, July 26, 2013 12:06:14 PM

hello AnMarie

Conor has informed me that you will be convening a "study group" to look into developing a more defined definition of the "formula retail" regulations for the planning commission.

I would like to offer my assistance in any role that i am able, to assist with this very important issue. I can, as President of the Hayes Valley Merchants and as Board member of The Council of District Merchants and of The Hayes Valley Neighborhood Assn., also offer my assistance in creating a dialogue with these groups.

I feel that there are many issues that we should study regarding an affective set of planning code rules that will serve to both protect small business in San Francisco, while still serving the needs of commercial growth for San Francisco.

I have been a merchant in Hayes Valley for 23 years and have over the years opened (and closed) locations of my store on Fillmore St., Polk St., 9th and Lincoln as well as Palo Alto and Berkeley. I feel that this has given me a very broad understanding of the needs of Hayes Valley as well as other neighborhoods of San Francisco and the Bay Area.

thank you
russell pritchard

--

Zonal
568 Hayes Street San Francisco, CA 94102
415.255.9307
Zonalhome.com

From: [Lazzareschi, Ben @ San Francisco](#)
To: [Rodgers, AnMarie](#)
Subject: Formula Retail Study
Date: Monday, August 12, 2013 1:42:27 PM
Attachments: [FR recommenation document.docx](#)

AnMarie,

Please find the attached recommendations for the FR study.

Other retail brokers are likely sending you this signed document as well.

Best,

BML

From: Felicia
To: Rodgers, AnMarie
Subject: Formula Retail Study
Date: Wednesday, July 31, 2013 12:22:28 PM

No time to study all the proposal details but would like to say there's nothing more discouraging and disappointing than the experience of a shopping mall with the feeling if you've been to one, you've pretty much been to them all.

I live walking distance to West Portal. There are still many small businesses which are a delight to experience though for my taste there are too many banks and real estate offices plus the ubiquitous Walgreens. I keep hoping the deversity of the West Portal shopping area will not decline any further into a formula retail environment. There are still quite a few San Francisco neighborhoods that have maintained their individual and deverse environs such as Noe Valley and Bernal Heights.

My hope is that all the small San Francisco shopping areas will be allowed according to strict regulations to stay with small businesses and maintain their individual neighborhood character.

Felicia Zeiger
824 Garfield Street
San Francisco 94132

From: Marsha Garland
To: Rodgers, AnMarie
Subject: formula retail study
Date: Thursday, August 01, 2013 3:04:39 PM

Dear AnMarie:

I might well have been the first person in the city to say no to formula retail when I opposed Starbucks invading North Beach 20 plus years ago. I went on to oppose Starbucks again a few years later, then RiteAid, then various other businesses. I have thought long and hard about this subject.

Here is my input.

We are all hypocrites when it comes to formula retail. I defy anyone to say they don't use formula retail whether it's Target, Staples, Costco, Safeway, Trader Joe's, Whole Foods, BevMo, etc.

My suggestion is that retail formula be allowed on major corridors such as Van Ness, Lombard (between Van Ness and Divisadero), Bayshore, Bay, etc. Small businesses rarely do well on those streets and formula retail stores flourish. And, of course, retail formula restricted on neighborhood serving streets like Chestnut, Union, Columbus, Grant Avenue, Irving, etc. That way there's a market share for everyone.

You've probably already dealt with this so forgive me if I'm redundant.

Hope all is well.

Marsha

Marsha Cowen Garland
Garland Public & Community Relations
535 Green Street
San Francisco, CA 94133
marshagarland@att.net
415/531/2911

From: Johnson, Vikki
To: Rodgers, AnMarie
Subject: Formula retail study
Date: Monday, August 12, 2013 7:01:17 PM
Attachments: August 2013.pdf

Dear Ms. Rodgers: Attached please find a signed letter in support of reconsideration and further study for the formula retail legislation being proposed. Thanks you.

Vikki Johnson

Senior Managing Director | Retail Services Group
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From: [Cameron Baird](#)
To: [Rodgers, AnMarie](#)
Subject: Formula Retail Study
Date: Monday, August 12, 2013 4:19:41 PM
Attachments: [FR recomendation doc.docx](#)

Anmarie,
Please see attached.

Cameron Baird
Vice President - *Terranomics Retail Services*



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Direct 415-568-3406 | Main 415-781-8100 | Cell 415-948-9952 | Fax 415-956-3381
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[FACEBOOK](#) | [LinkedIn](#)

From: Janet Crane
To: Rodgers, AnMarie
Cc: Ben @ San Francisco Lazzareschi; Pamela Mendelsohn; Richard Gumbiner
Subject: Formula Retail study: comments on proposed scope in RFP
Date: Sunday, August 11, 2013 3:12:17 PM

Dear AnMarie:

As an architect who has worked with retail clients of all sizes, FR and non FR, in many locations and zoning districts in SF and in other cities for decades, I and my colleagues are very concerned about the chaotic, emotional and one sided way the current crop of FR proposals are being handled.

We support Planning's proposal to study the topic to bring some factual evidence to the discussion and would ask that the Department stick to its guns and not recommend approval of any FR proposals until a satisfactory study has been completed and reviewed.

Here are my comments of the scope of work in the study RFP:

1. It is shocking to those who understand the importance of the retail industry to SF to think that anything of quality can come out of a \$40,000 study for this scope. The results of such a study would be suspect since it could not research the subjects in depth. There is very little organized data on the topics in the RFP and most information will have to come from original research. \$80 - \$100,000 is a more appropriate budget. The City should not undertake this study until it is properly budgeted.

2. FR stores come in a wide range of shapes and sizes, so that certain requested comparisons between generic FR and non FR stores might vary 360 degrees depending on which FR store was chosen to study. Ignoring this fact could put into question the validity of much of this study. This is a problem with the discussions on FR in general: generalizing about very disparate businesses and using the prejudicial term "chain store" for small companies with 11 or 12 or even 20 stores nationally.

3. Our group suggests that we or the City convene a Technical Advisory Group to work with the City and Consultant on this study. A TAG would be comprised of knowledgeable people who understand the retail market and retail business concerns and who are willing to share data and provide feedback for the study. The group has to be hand picked, and it needs to include representatives from a wide variety of perspectives. It should include a couple of small businesses who are vocal against formula retail and those who support a balanced approach to FR, to make sure that all concerns are heard. The TAG does not have to meet very often, but is a resource and sounding board for the Consultant. For example, here are potential participants: retail developers, retail brokers, small and large retail businesses that are both formula and non-formula retailers, urban economists, retail customers and retail business incubators/supporters, such as SF Made, SF Renaissance, The Hub.

4. Some language in the RFP is slanted to the concept that FR disadvantages non FR. For example, para. 4 under Economic Assessments.
"Examine the impact that new FR businesses may have on existing non FR businesses: procure and examine information about existing non FR businesses that

have closed or experienced reduced income in the immediate facility following the opening of a FR business".

In this case, the text should also ask for examples where FR helps and supports non FR stores like the Apple store on Chestnut etc.

5. Include in the study an assessment of the impact of discouraging international retailers with small cutting edge brands to open in SF.

Please take this policy discussion very seriously and make sure that it is evaluated from a much broader perspective than is being discussed now.

Best regards,
Janet

Janet Crane
Freebairn-Smith & Crane
Planning, Urban Design, Architecture
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415 398 4094
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442 Post Street
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From: [Elliott, Erika](#)
To: [Rodgers, AnMarie](#)
Subject: Formula Retail
Date: Monday, August 12, 2013 10:18:16 AM
Attachments: [FR recomendation doc.docx](#)

Thank you for your consideration

EE

Erika Elliott
Vice President


Cornish & Carey Commercial
Newmark Knight Frank
Retail Services
One Bush Street, Suite 400
San Francisco, CA 94104



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From: [Eric Muhlebach](#)
To: [Rodgers, AnMarie](#); annmarie.rodgers@sfgov.org
Cc: [Mendelsohn, Pamela](#); [Lynne Bremer](#); [Victor Fandel](#); [Richard Muhlebach](#); [Lazzareschi, Ben @ San Francisco](#)
Subject: Formula Retail
Date: Monday, August 12, 2013 7:45:34 PM
Attachments: [Formula Retail-Ann Marie-Additinal Scope 081213.pdf](#)
[Petition Letter 081213.pdf](#)

Hi Anmarie,

First let me please apologize if I have your name misspelled. I have seen your name spelled two different ways on the planning website.

We would like to contribute to the scope of study for Formula Retail. Please find our letter attached. Also, please find the petition letter.

Thank you and best regards!

Eric Muhlebach
Fandel Retail Group
650 5th Street # 405
San Francisco, CA 94107
t 415.538.8355

License # 01318688

From: Ricci, Daniela
To: Rodgers, AnMarie
Subject: FW: Formula Retail Letters Cornish & Carey, NKF Retail Group
Date: Tuesday, August 13, 2013 11:23:50 AM
Attachments: FR recomendation C&C NKF.docx

Cornish and Carey's Retail Group also signed the Formula Retail Recommendation petition.

Pamela Mendelsohn

Senior Vice President | Retail Services Group
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From: Dee Dee Workman
To: Egan, Ted; Rodgers, AnMarie
Subject: FW: Formula Retail Study/Additional Points to Consider
Date: Monday, July 29, 2013 2:20:33 PM

Hi Ted and AnMarie,

A couple of additional points for you to consider in your formula retail studies – thanks. Dee Dee

It would be great to do a "basket study" (examine the cost of buying everyday goods such as cereal, milk, health and beauty products, etc. at formula retail stores vs. non-formula retail stores) and to do some sort of leakage analysis (how much in sales/sales tax the city is losing to nearby cities). Those are two key elements which I don't think are part of the picture yet.

Dee Dee Workman
Director of Public Policy
San Francisco Chamber of Commerce
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San Francisco, CA 94104-2803
Direct Line: 415-352-8851; cell: 415-533-8130
Fax: 415-392-0485
dworkman@sfchamber.com
www.sfchamber.com

From: Ricci, Daniela on behalf of Mendelsohn, Pamela
To: Rodgers, AnMarie
Subject: FW: REMINDER: Formula Retail Letters
Date: Tuesday, August 13, 2013 11:21:27 AM
Attachments: FR recomendation doc_MichaelChidambaram.pdf

Here is Michael Chidambaram's signed Formula Retail petition.

Pamela Mendelsohn

Senior Vice President | Retail Services Group
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From: LYNNENEW@aol.com
To: [Rodgers. AnMarie](mailto:Rodgers.AnMarie)
Cc: paul@pw-sc.com
Subject: Fwd: Comments of Formula Retail Economic Study
Date: Sunday, August 11, 2013 8:40:28 PM
Attachments: [CommentsreFRscopeofworkv.2.pdf](#)

Please see the attached comments re Formula Retail Economic Study that were originally sent to you August 9 by Paul Wermer. Paul has been having computer problems, and wanted to make sure you received his comments within the comment period.

If you have any questions, Paul can be reached by phone at 415 640 1028. Do not rely on reaching him via email at this time.

Thank you.

Lynne Newhouse Segal

From: paul@pw-sc.com
To: anmarie.rodgers@sfgov.org
CC: ptura@me.com, catherine.stefani@sfgov.org
Sent: 8/9/2013 12:34:47 P.M. Pacific Daylight Time
Subj: Comments of Formula Retail Economic Study

AnMarie,

my comments on the draft scope of work are in the attached pdf file.

these comment reflect my analysis, and do not necessarily represent to views or comments of any organization

Cheers,
Paul

--

Paul Wermer Sustainability Consulting
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San Francisco, CA 94115

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paul@pw-sc.com

www.pw-sc.com

From: Mica
To: Rodgers, AnMarie
Subject: Fwd: Legislative Update: Formula Retail Study
Date: Friday, July 26, 2013 8:46:40 PM

Please relay this to whomever is responsible that the link to sign up to for Legislative updates at the bottom of this email does not work.

Also, please request on my behalf that this email be resent and the time period for comment be extended by however many days it takes until corrected.

Regards,

Mica I. Ringel
485 Potrero Avenue, Unit C
San Francisco, CA 94110

----- Forwarded message -----

From: San Francisco Planning Department <Planning.NoReply@sfgov.org>
Date: Fri, Jul 26, 2013 at 1:29 PM
Subject: Legislative Update: Formula Retail Study
To: M <supermica@gmail.com>

[View this email in your browser](#)



Dear Interested Party,

Yesterday the San Francisco Planning Commission held a hearing on formula retail. You can review the materials that were before the commission here:
<http://commissions.sfplanning.org/cpcpackets/2013.0936U.pdf>.

In response, the Commission passed a resolution authorizing a study of the issue and seeking public comment on the scope of that study. Attached is the draft scope. We encourage comment on this scope by August 5, 2013. To provide comment on the scope of work for this study, please reply to AnMarie.Rodgers@sfgov.org.

Due to the multiple proposals pending to amend the City's formula retail controls, the City seeks to secure a consultant and complete the study by this fall so that the pending proposals to change formula retail can be informed by data and public comment. The Department will schedule a hearing on the draft study prior to completion of the study. After completion of the study, the Department will use the

study to make policy recommendations to the Planning Commission. Ultimately and with benefit of public comment, the Commission will make policy recommendations to the Board of Supervisors.

This effort will be strengthened with your involvement. If you are receiving this email, you are already on our contact list. Others may subscribe to the list titled "legislative updates" by enrolling here: <http://signup.sfplanning.org/>

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From: Springer, Matt
To: Rodgers, AnMarie; Alice Rogers
Subject: Mission Bay/South Beach retail
Date: Saturday, August 03, 2013 6:03:38 PM

Hi AnMarie-

I've been discussing this with Alice Rogers already but wanted to drop you a line in reference to your e-mail below. I'm also on the board of the South Beach / Rincon / Mission Bay Neighborhood Association, and a resident of Berry St since 2007 (SF since 2003). I see two major problem areas with retail: King St and the nascent 4th St south of the channel. I have nothing against chains (I'm ecstatic that Target opened in the Metreon), but would want to see a healthy number of unique and local establishments as well. For example, having Panera and Safeway on the corner is useful, but when you add Amicis, Subway, Starbucks, and previously Quiznos, it starts to feel more like a cookie cutter suburb. (Philz is a bright spot, although ironically, they recently grew larger than 11 locations!) I hope that we can enable on King st, and attract on 4th St, more unique places like Nama and Tsunami.

Which brings us to the other issue, variety. Our ethnic fare in the neighborhood is entirely Japanese and Mexican, many times over (unless you consider Italian to be ethnic). An Asian fusion place is slated to open, but it seems even generic suburbs have their Thai, Indian, etc. restaurants and we don't. I hope that such businesses can be attracted, especially to 4th st, and that they can be priced such that the students, middle income residents, and affordable housing residents in the region can patronize them, unlike many of the restaurants over on Brannan.

I used to live near 9th and Irving, so I'm spoiled...

Thanks for your consideration,
Matt Springer

From: "Rodgers, AnMarie" <anmarie.rodgers@sfgov.org>
Subject: Extended Comment until 8/12: Formula Retail Study
Date: July 30, 2013 10:31:24 AM PDT
To: "Rodgers, AnMarie" <anmarie.rodgers@sfgov.org>

Dear Interested Party,

Last week the San Francisco Planning Commission held a hearing on formula retail. You can review the materials that were before the commission here: <http://commissions.sfplanning.org/cpcpackets/2013.0936U.pdf> In response, the Commission passed a resolution authorizing a study of the issue and seeking public comment on the scope of that study. Attached is the draft scope. To provide comment on the scope of work for this study, please reply to AnMarie.Rodgers@sfgov.org.

We encourage comment on this scope by August 5, 2013 → [Comment period now](#)

extended to August 12, 2013.

Due to the multiple proposals pending to amend the City's formula retail controls, the City seeks to secure a consultant and complete the study by this fall so that the pending proposals to change formula retail can be informed by data and public comment. The Department will schedule a hearing on the draft study prior to completion of the study. After completion of the study, the Department will use the study to make policy recommendations to the Planning Commission. Ultimately and with benefit of public comment, the Commission will make policy recommendations to the Board of Supervisors.

This effort will be strengthened with your involvement. If you are receiving this email, you are already on our contact list. Others may subscribe to the list titled "legislative updates" by enrolling here: <http://signup.sfplanning.org/>

**AnMarie Rodgers, Manager
Legislative Affairs**

Planning Department | City and County of San Francisco
1650 Mission Street, Suite 400, San Francisco, CA 94103
Direct: 415.558.6395 | Fax: 415.558.6409
Email: anmarie@sfgov.org
Web: <http://www.sf-planning.org/Legislative.Affairs>
Property Info Map: <http://propertymap.sfplanning.org/>

<image001.png>

<image002.png>

<image003.png>

<image004.png>

<Formula Retail Study Scope of Work.pdf>

From: [Michael Chidambaram](#)
To: [Rodgers, AnMarie](#)
Subject: Public comment on Formula Retail Scope of Work
Date: Monday, August 12, 2013 6:35:02 PM
Attachments: [FR recomendation doc MichaelChidambaram.pdf](#)
Importance: High

Hi Anmarie,

Please find my signed comment attached.

Best Regards,

Michael Chidambaram
Partner

Vandermade Commercial Real Estate

300 Montgomery Street, Suite 450
San Francisco, California 94104

Off: 415.592.5999 Ext.101 | **Cell:** 415.710.1005 | **Fax:** 415.592.5988

mike@vmade.com | www.vmade.com | DRE # 01340988

Commercial Real Estate Leasing & Sales + Retail/Restaurant/Bar Brokerage in the San Francisco Bay Area

[Click Here to Visit my Profile & Listings Page](#)

From: [Jon Buchwald](#)
To: [Rodgers, AnMarie](#)
Cc: [SouthBeachRinconMissionBayNeighAssn@yahoogroups.com](#)
Subject: Re: [SBRMBNA] Extended Comment until 8/12: Formula Retail Study [5 Attachments]
Date: Tuesday, July 30, 2013 8:45:01 PM
Attachments: [image001.png](#)
[image002.png](#)
[image003.png](#)
[image004.png](#)

Hi Ann Marie.

I've got one suggested change to the attached PDF [change is in square brackets below]:

2. Conduct stakeholder interviews with or subcontract with retail brokers who may be able to provide data on rental rates since 2004 for both formula retail and non-formula retail uses.

[
Further conduct a series of 10-20 half-hour open-ended qualitative interviews with prospective tenants and location decision makers probing for the following:

- a) Key value drivers in location selection
- b) Perceived differences between formula vs. non-formula areas
- c) Process for selecting a location
- d) Reasons/triggers for a decision to move

The mix of potential tenants should include businesses of different types and sizes, from various areas; around half from formula and half from non-formula.

Conduct a qualitative analysis of the interviews, identifying themes that cut across different types of retailers and locations, provide insight into what drives retailers to move in or out of a formula retail area, and how the decision is made.

]

The reason for the above is that the decision maker is a business that may move in or out of the area, as opposed to a realtor. Letting them respond to open-ended questions will uncover what they value, what motivates them, and how they think when making decisions about locations, without limiting them to discrete choices.

If the above already has been done or is in plan, then please accept my apology for sending you a long and unnecessary email.

If you have any thoughts or questions, please don't hesitate to reply.

Jon Buchwald

From: Alice Rogers <arcomnsf@pacbell.net>
To: [SouthBeachRinconMissionBayNeighAssn@yahoogroups.com](#);
[southparkneighbors@yahoogroups.com](#)
Sent: Tuesday, July 30, 2013 7:26 PM
Subject: [SBRMBNA] Extended Comment until 8/12: Formula Retail Study [5 Attachments]

Hi Neighbors,

If you have views on formula retail in our neighborhood(s), please send them on to AnMarie Rodgers (per info below) before August 12th. Supervisor Jane Kim is especially interested in having our neighborhood views represented.

The Giants have indicated a strong interest in neighborhood-oriented, small scale retail in their proposed Seawall Lot 337 development, and--separately--a working task force is forming through the neighborhood association to proactively advocate to get our empty retail/services spaces leased to merchants who will be popular in our 'hood. (Look for a survey soon!) So getting our streetscapes activated is a hot topic.

Regards,
Alice Rogers

Begin forwarded message:

From: "Rodgers, AnMarie" <anmarie.rodgers@sfgov.org>
Subject: Extended Comment until 8/12: Formula Retail Study
Date: July 30, 2013 10:31:24 AM PDT
To: "Rodgers, AnMarie" <anmarie.rodgers@sfgov.org>

Dear Interested Party,

Last week the San Francisco Planning Commission held a hearing on formula retail. You can review the materials that were before the commission here: <http://commissions.sfplanning.org/cpcpackets/2013.0936U.pdf> In response, the Commission passed a resolution authorizing a study of the issue and seeking public comment on the scope of that study. Attached is the draft scope. To provide comment on the scope of work for this study, please reply to AnMarie.Rodgers@sfgov.org.

We encourage comment on this scope by August 5, 2013 → [Comment period now extended to August 12, 2013.](#)

Due to the multiple proposals pending to amend the City's formula retail controls, the City seeks to secure a consultant and complete the study by this fall so that the pending proposals to change formula retail can be informed by data and public comment. The Department will schedule a hearing on the draft study prior to completion of the study. After completion of the study, the Department will use the study to make policy recommendations to the Planning Commission. Ultimately and with benefit of public comment, the Commission will make policy recommendations to the Board of Supervisors.

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**AnMarie Rodgers, Manager
Legislative Affairs**

Planning Department | City and County of San Francisco
1650 Mission Street, Suite 400, San Francisco, CA 94103
Direct: 415.558.6395 | Fax: 415.558.6409
Email: anmarie@sfgov.org
Web: <http://www.sf-planning.org/Legislative.Affairs>
Property Info Map: <http://propertymap.sfpplanning.org/>



From: Thomas Reynolds
To: Rodgers, AnMarie
Subject: Re: Extended Comment until 8/12: Formula Retail Study
Date: Tuesday, July 30, 2013 11:32:54 AM
Attachments: chains3-13.pdf

Hi AnMarie,

Attached is a letter spelling out the concerns of the Fillmore Merchants Association and requesting help from our supervisors. Applying the chain store ordinance to the Upper Fillmore NCD is having a devastating effect on neighborhood services by creating a gold rush of corporate stores to Fillmore Street before they "get to 11" in the U.S.

A study of this issue is great, but our concerns are immediate. The nature of our neighborhood is changing very quickly. Simply extending the ordinance to include all stores — not just those in the U.S. — would be a helpful first step.

Thomas R. Reynolds, President
Fillmore Merchants Association
2184 Sutter Street #155
San Francisco, CA 94115
415.441.4093

<http://www.FillmoreStreetSF.com>

On Jul 30, 2013, at 10:31 AM, Rodgers, AnMarie wrote:

Dear Interested Party,

Last week the San Francisco Planning Commission held a hearing on formula retail. You can review the materials that were before the commission here: <http://commissions.sfplanning.org/cpcpackets/2013.0936U.pdf> In response, the Commission passed a resolution authorizing a study of the issue and seeking public comment on the scope of that study. Attached is the draft scope. To provide comment on the scope of work for this study, please reply to AnMarie.Rodgers@sfgov.org.

We encourage comment on this scope by August 5, 2013 → [Comment period now extended to August 12, 2013.](#)

Due to the multiple proposals pending to amend the City's formula retail controls, the City seeks to secure a consultant and complete the study by this fall so that the pending proposals to change formula retail can be informed by data and public comment. The Department will schedule a hearing on the draft study prior to completion of the study. After completion of the study, the Department will use the study to make policy recommendations to the Planning Commission. Ultimately and with benefit of public comment, the Commission will make policy recommendations to the Board of Supervisors.

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**AnMarie Rodgers, Manager
Legislative Affairs**

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Direct: 415.558.6395 | Fax: 415.558.6409

Email: anmarie@sfgov.org

Web: <http://www.sf-planning.org/Legislative.Affairs>

Property Info Map: <http://propertymap.sfplanning.org/>

[<image001.png>](#) [<image002.png>](#) [<image003.png>](#) [<image004.png>](#)

[<Formula Retail Study Scope of Work.pdf>](#)

From: Dee Dee Workman
To: Egan, Ted; Rodgers, AnMarie
Subject: RE: Formula Retail Study/Additional Points to Consider
Date: Monday, July 29, 2013 2:28:06 PM

Thanks Ted. AnMarie is there a chance the leakage issue would be included in your study?

Dee Dee

Dee Dee Workman
Director of Public Policy
San Francisco Chamber of Commerce
235 Montgomery Street, Suite 760
San Francisco, CA 94104-2803
Direct Line: 415-352-8851; cell: 415-533-8130
Fax: 415-392-0485
dworkman@sfchamber.com
www.sfchamber.com

From: Egan, Ted [mailto:ted.egan@sfgov.org]
Sent: Monday, July 29, 2013 2:21 PM
To: Dee Dee Workman; Rodgers, AnMarie
Subject: RE: Formula Retail Study/Additional Points to Consider

Dee Dee-

The basket study is a part of our scope. The leakage analysis is not, as it would be a large effort to estimate leakage and hard to connect that to formula retail policy. It is something the city should do at some point, but not something we can do in the next month.

Ted

Ted Egan, Ph.D.
Chief Economist, Office of Economic Analysis
Controller's Office
City and County of San Francisco
City Hall, Room 316
San Francisco, CA 94102
(415) 554-5268

From: Dee Dee Workman [mailto:dworkman@sfchamber.com]
Sent: Monday, July 29, 2013 2:19 PM
To: Egan, Ted; Rodgers, AnMarie
Subject: FW: Formula Retail Study/Additional Points to Consider

Hi Ted and AnMarie,

A couple of additional points for you to consider in your formula retail studies – thanks. Dee Dee

It would be great to do a "basket study" (examine the cost of buying everyday goods such as cereal, milk, health and beauty products, etc. at formula retail stores vs. non-formula retail stores) and to do some sort of leakage analysis (how much in sales/sales tax the city is losing to nearby cities). Those are two key elements which I don't think are part of the picture yet.

Dee Dee Workman
Director of Public Policy
San Francisco Chamber of Commerce
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San Francisco, CA 94104-2803
Direct Line: 415-352-8851; cell: 415-533-8130
Fax: 415-392-0485
dworkman@sfchamber.com
www.sfchamber.com

From: zonalhome@gmail.com on behalf of Zonal
To: [Rodgers, AnMarie](#)
Cc: [Johnston, Conor](#); [Brown, Vallie](#); [larry cronander](#)
Subject: Re: Gym announcing opening at gough and hayes , more than 11 locations
Date: Thursday, July 25, 2013 2:16:20 PM

hello AnMarie et al

my first thought is that we have reached a point where the formula retail ban definition needs to be expanded to any and all businesses with 11 or more locations, no matter what type of business....retail, restaurants , gyms....anything "branded" as a corporate entity. wordage should be added to make certain to include a sole owner of a franchise, which is the situation with this gym, cardio barre.

perhaps now is also the time to initiate the "internet" corporate / branded retailer who decides to start opening brick and mortar stores.....as a point of reference, Amazon.

thanks
russell

On Thu, Jul 25, 2013 at 12:29 PM, Rodgers, AnMarie <anmarie.rodgers@sfgov.org> wrote:

Yes, I have advised Conor that gyms are not currently considered a use that would be subject to formula retail controls.

Today the Planning Commission will be discussing numerous potential changes to the regulation of formula retail. We welcome your thoughts on the issue.

AnMarie

Please excuse the brevity of this response and any typos therein. This note was sent from a phone.

On Jul 25, 2013, at 12:17 PM, "Zonal" <Russell@zonalhome.com> wrote:

hello all
here is a page of planning code.....looks like gyms are excluded !?

<http://www.sf-planning.org/index.aspx?page=2839>

look forward to hearing from city attorney and / or planning. perhaps we need to take a look at more protection? one of the small business commissioners brought up the very valid and likely possibility of an internet company like Amazon could open a brick and mortar location and it could happen in Hayes Valley !!

we have decided that to open in Hayes Valley , all business must be first approved by a selection committee of merchants who have been in Hayes Valley for 15 or more years !! how does that sound ?

russell

On Thu, Jul 25, 2013 at 11:37 AM, Zonal <Russell@zonalhome.com> wrote:

hello all

gyms should be covered as the ban refers to services ; sales and services, other retail. this gym has a branded identity and does sell branded retail items.....

russell

On Thu, Jul 25, 2013 at 10:31 AM, Johnston, Conor <conor.johnston@sfgov.org> wrote:

Hi AnMarie,

Please see the email below from Russell Pritchard of HVMA (CC:ed here).

He is concerned about a franchise gym that will be opening in Hayes Valley. My reading of the Planning Code (and I could well be wrong, and this may be a question for the City Attorney) is that gyms do NOT meet the definition of a retailer. Can you speak to this?

703.3 which defines formula retail says:

(c) **"Retail Sales Activity or Retail Sales Establishment"** shall include the uses defined in Section 303(i)(2) of this Code.

303(i)(2) says:

(2) **"Retail Sales Activity or Retail Sales Establishment."** For the purposes of subsection (i), a retail sales activity or retail sales establishment shall include the following uses, as defined in Article 7 and Article 8 of this Code: "Bar," "Drive-up Facility," "Eating and Drinking Use," "Liquor Store," "Sales and Service, Other Retail," "Restaurant," "Limited-Restaurant," "Take-Out Food," "Sales and Service, Retail," "Service, Financial," "Movie Theater," and

"Amusement and Game Arcade."

Gyms do not appear to be included.

Conorj

From: zonalhome@gmail.com [mailto:zonalhome@gmail.com] **On Behalf Of**
Zonal
Sent: Wednesday, July 24, 2013 4:38 PM
To: Brown, Vallie; Johnston, Conor; Larry Cronander
Subject: Gym announcing opening at Gough and Hayes, more than 11 locations

hello Vallie and Conor

<http://hayeswire.com/2013/07/new-gym-coming-to-corner-of-haight-and-gough.html#more-8889>

as announced on hayeswire.com, new gym cardio barre opening in the old market space at Gough and Hayes, by my count on their website they have more than 11 locations....this is a formula retail / service

<http://cardiobarre.com/studios/>

can you check with planning and see what is up? this should not be happening

--

thanks

russell

Zonal
568 Hayes Street San Francisco, CA 94102

[415.255.9307](tel:415.255.9307)

Zonalhome.com

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568 Hayes Street San Francisco, CA 94102
415.255.9307
Zonalhome.com

From: [Lazzareschi, Ben @ San Francisco](#)
To: [Rodgers, AnMarie](#)
Subject: RE: Legislative Update: Formula Retail Study
Date: Monday, July 29, 2013 4:06:07 PM
Attachments: [image006.png](#)
[image007.png](#)
[image008.png](#)
[image009.png](#)

AnMarie,

Thank you for providing me with this information. Myself and others in the industry will be provided feedback and comment by August 15th.

Thank you again.

Best,

BML

Ben Lazzareschi | Vice President | Lic. 01414579
CBRE | Retail Services
101 California Street, 44th Floor | San Francisco, CA 94111
T 1.415.772.0335 | F 1.415.772.0459 | C 1.415.810.8546
ben.lazzareschi@cbre.com | www.cbre.com/ben.lazzareschi

Retail 24/7.

Connect with me on [LinkedIn](#)

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From: Rodgers, AnMarie [<mailto:anmarie.rodgers@sfgov.org>]
Sent: Friday, July 26, 2013 1:32 PM
Subject: Legislative Update: Formula Retail Study

Dear Interested Party,

Yesterday the San Francisco Planning Commission held a hearing on formula retail. You can review the materials that were before the commission here:

<http://commissions.sfplanning.org/cpcpackets/2013.0936U.pdf> In response, the Commission passed a resolution authorizing a study of the issue and seeking public comment on the scope of that study. Attached is the draft scope. We encourage comment on this scope by August 5, 2013. To provide comment on the scope of work for this study, please reply to AnMarie.Rodgers@sfgov.org.

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secure a consultant and complete the study by this fall so that the pending proposals to change formula retail can be informed by data and public comment. The Department will schedule a hearing on the draft study prior to completion of the study. After completion of the study, the Department will use the study to make policy recommendations to the Planning Commission. Ultimately and with benefit of public comment, the Commission will make policy recommendations to the Board of Supervisors.

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**AnMarie Rodgers, Manager
Legislative Affairs**

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Web: <http://www.sf-planning.org/Legislative.Affairs>
Property Info Map: <http://propertymap.sfplanning.org/>



From: Dee Dee Workman
To: Egan, Ted; Rodgers, AnMarie
Cc: Jim Lazarus
Subject: RE: Your Formula Retail Study/Memos from Chamber working group attached
Date: Monday, July 29, 2013 2:08:07 PM
Attachments: Formula Retail Comments on Draft Work Proposal 7 24 13.docx
Formula Retail Memo REVISED 7 29 13.docx

Hi Ted and AnMarie,

I've attached two memos that I hope you will find useful regarding your studies of formula retail. The first, dated July 29 (revised), 2013, is a revised memo that our working group, made up of Chamber members who are both formula retailers and small business advocates, sent to London Breed at her request after we met with her to discuss her Fillmore/Divis NCD and Hayes-Gough NCT legislation, all of which have formula retail restrictions in the current language (she agreed to hold off on the NCD legislation for now at our request but is going ahead with the NCT legislation, scheduled for August 1 at Planning). I've revised this memo to reflect the group's current thinking on the issues.

The second memo, dated July 24, 2013, is our group's emailed responses (put in one document) to the draft RFP for the economic consultant who will carry out a study of formula retail for the Planning Dpt. and OEWD. The responses were sent to you, AnMarie Rogers, at your request on July 24th. Your RFP doesn't reflect our comment/suggestions so we're hoping you will integrate them as appropriate going forward.

Collectively the memos contain thoughtful suggestions of criteria to consider when evaluating the cost/benefits of formula retail in San Francisco, both for CU permits as well as for the studies you both are carrying out. We hope you will use them to help inform and guide your work on this issue.

Please keep us informed as you progress with your studies. If it would be helpful to meet with our group as you gather information, we would of course be very willing to set that up.

Thanks very much,

Dee Dee

Dee Dee Workman
Director of Public Policy
San Francisco Chamber of Commerce
235 Montgomery Street, Suite 760
San Francisco, CA 94104-2803
Direct Line: 415-352-8851; cell: 415-533-8130
Fax: 415-392-0485
dworkman@sfchamber.com
www.sfchamber.com

From: Egan, Ted [<mailto:ted.egan@sfgov.org>]
Sent: Friday, July 26, 2013 12:29 PM
To: Dee Dee Workman
Cc: Jim Lazarus
Subject: RE: Your Formula Retail Study

Hi Dee Dee,

Prompted by Sup. Kim's legislation and others that are pending, we are doing a broad city-wide look at the economic impact of formula retail.

Our study is going to involve studying sales tax data and doing price surveys at retailers to try and answer questions like:

1. What retail types have been growing and declining, both across the city and in Market Street area specified by the legislation?
2. What has been the relative growth, in number of businesses and sales, of formula and non-formula retail by type and neighborhood within the city?
3. To what extent do formula and non-formula retail differ in the location of their ownership (SF-based or not) and legal form of organization?
4. To what extent do consumers face different prices at formula and non-formula retail?

We are hoping to issue our report in mid-September, and are working on it at the moment. If you have any thoughts on the scope or questions, feel free to give me a ring.

Best,
Ted

Ted Egan, Ph.D.
Chief Economist, Office of Economic Analysis
Controller's Office
City and County of San Francisco
City Hall, Room 316
San Francisco, CA 94102
(415) 554-5268

From: Dee Dee Workman [<mailto:dworkman@sfchamber.com>]
Sent: Friday, July 26, 2013 11:55 AM
To: Egan, Ted
Cc: Jim Lazarus
Subject: Your Formula Retail Study

Hi Ted,

At the Planning Commission hearing on formula retail yesterday I spoke with AnMarie Rogers who said you are carrying out your own economic study on the issue. The Chamber has convened a working group made up of formula retailers and small businesses advocates and it would be very

helpful to us to know the scope of your study and how it will integrate with the study the Planning Dpt/OEWD will carry out.

Thanks very much,

Dee Dee

Dee Dee Workman
Director of Public Policy
San Francisco Chamber of Commerce
235 Montgomery Street, Suite 760
San Francisco, CA 94104-2803
Direct Line: 415-352-8851; cell: 415-533-8130
Fax: 415-392-0485
dworkman@sfchamber.com
www.sfchamber.com

From: Matthew Holmes
To: Rodgers, AnMarie
Subject: Retail West Position
Date: Monday, August 12, 2013 2:58:12 PM
Attachments: Retail West Chain Store Piece.docx

Anne Marie,

This letter further elaborates on our firms opinions regarding the Formula store debate that is occurring in our city.

Please call me if you have any questions.

Sincerely Yours,

Matt

Matthew F. Holmes, Principal

retailwest

1105 Battery Street

San Francisco, CA 94111

415-292-2680 (direct)

415-601-8337 (cell)

415-775-1858 (fax)

www.retailwestinc.com

From: Don Enochson
To: Rodgers, AnMarie
Subject: San Francisco formula retail controls
Date: Saturday, July 27, 2013 4:36:56 PM

The plan to examine issues by comparing neighborhoods is a very good idea. Hopefully, you will be able to find comparable neighborhoods. That has been a problem in other academic economic impact studies. The only caution I have is to be very careful in the selection of a competent consultant to do the work. Some of the consultants out there are doubtful. I would suggest approaching local academic institutions encouraging them to apply.

As the executive summary points out, there has been a study of potential economic impacts of formula retail completed in San Francisco. However, the conclusion that non-formula retail generates greater economic impacts for the local economy was not supported by the facts. When the La Boulange Bakery proposal for West Portal came up someone cited that study. It did not take much effort at all to identify its flaws. That SF study used impact findings (multipliers) from the Andersonville study to determine economic impacts in San Francisco and San Mateo. That alone is highly questionable. But the validity of the Andersonville multipliers is also questionable. One needs only to read the abstract to spot major methodological flaws. Further, neither the San Francisco nor the Andersonville study provided source data or calculations. It can't be replicated or verified. At a minimum I would not use those folks for this study.

From: [Natunewicz, Ann](#)
To: [Rodgers, AnMarie](#)
Subject: SOW for Formula Retail Study
Date: Monday, August 12, 2013 7:02:19 PM
Attachments: [Natunewicz_Colliers_081213.pdf](#)

Dear Ms. Rodgers:

Just adding my voice to those of my colleagues with respect to the upcoming study on formula Retail in San Francisco.

Thank you for your consideration,

Ann T. Natunewicz
Vice President | Retail Services
Colliers San Francisco
DRE #01935970

Direct +1 415 288 7880
Main +1 415 788 3100 | Mobile +1 703 309 0610
Ann.Natunewicz@colliers.com

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From: [Ricci, Daniela](#) on behalf of [Mendelsohn, Pamela](#)
To: [Rodgers, AnMarie](#)
Cc: [Mendelsohn, Pamela](#)
Subject: Thoughts on Formula Retail
Date: Tuesday, August 13, 2013 10:00:37 AM
Attachments: [Formula Retail Recommendations.pdf](#)
[MISCONCEIVED NOTIONS ABOUT RETAIL.docx](#)
[Resume Experience.pdf](#)

Dear Ms. Rodgers:

Attached is a signed Formula Retail Recommendation Petition, and some of my personal comments I want to share with you regarding the pending study on Formula Retail. I've also attached a summary of my experience along with a list of many of the transactions I have been involved in. If you look it over, you will see that I work with many startup restaurants and retailers – I did Lululemon's and Diptyque's first U.S. stores, G-Star's second, Kiehl's second, and Rejuvenation's third, along with many other firsts for San Francisco; most importantly, all of them were small mom n' pops at one time. I appreciate startups and love working with them; all of these tenants should have a place in our neighborhoods irrespective of how many stores they have now, and all serve to add to the unique character and flavor of our special shopping streets. I think the answer to the Formula Retail issue is BALANCE.

I am available should you want any confidential rent comps or just to discuss your thoughts on this complicated issue facing all of us, and the citizens and visitors of the City. I really appreciate the time you are devoting to resolving this matter and will do whatever I can to help you.

Sincerely,

Pamela Mendelsohn

Senior Vice President | Retail Services Group

Real Estate License # 00953050

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Main +1 415 788 3100 | Fax +1 415 433 7844

pamela.mendelsohn@colliers.com

Colliers International

50 California St., Suite 1900

San Francisco, CA 94111 | United States

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From: Portugeis, Ross
To: Rodgers, AnMarie; Hayward, Sophie
Subject: Union Square BID Public Affairs Meeting
Date: Wednesday, August 07, 2013 1:55:22 PM

Hi AnMarie and Sophie,

It was nice to meet you and thanks for taking the time to discuss FR with the Union Square Public Affairs Committee yesterday.

I hope that you can get an thorough economic analysis of the impacts (negative and positive) of formula retail and the same for our current related ordinances. If your economic analyst wants to interview stakeholders as part of the process I am available. I can speak as a retail commercial real estate broker and as a citizen who lives in the City (in fact I live in the same house in which I was born and raised now - yes, *I did leave "home"* - for about 25 years and came back 10 years ago).

Good luck with the project. And if you are interested here's a link to my occasional blog. If you scroll down to my October 13, 2012 "Hay Conundrum" blog - you won't have far to scroll because I don't post that much - it's relevant to this topic.

Best,

Ross

Ross Portugeis
Senior Vice President
Colliers International
DRE Lic. # 01712682

50 California Street, 19th floor
San Francisco, CA 94111

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SAN FRANCISCO PLANNING DEPARTMENT

Draft Planning Commission Resolution Planning Code Amendment Initiation

HEARING DATE: MAY 22, 2014

Project Name: Formula Retail & Large-Scale Retail Controls
Case Number: 2013.0936UT
Initiated by: Planning Department
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Recommendation: Initiation of Planning Code Text Changes

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ADOPTING A RESOLUTION INITIATING AMENDMENTS TO THE PLANNING CODE TEXT CHANGES TO AMEND THE DEFINITION OF FORMULA RETAIL TO INCLUDE BUSINESSES THAT HAVE 20 OR MORE OUTLETS WORLDWIDE; EXPAND THE APPLICABILITY OF FORMULA RETAIL CONTROLS TO OTHER TYPES OF USES; REQUIRE CONDITIONAL USE AUTHORIZATION FOR FORMULA RETAIL ESTABLISHMENTS IN THE C-3-G DISTRICT WITH FACADES FACING MARKET STREET, BETWEEN 6TH STREET AND 12TH STREET; EXPAND THE APPLICABILITY OF FORMULA RETAIL CONTROLS TO CREATE A NEW ADMINISTRATIVE REVIEW PROCESS FOR THE AUTHORIZATION OF A NEW FORMULA RETAIL OPERATOR AT A PARCEL THAT HAD PREVIOUSLY RECEIVED A CONDITIONAL USE AUTHORIZATION FOR THE SAME FORMULA RETAIL USE TYPE AND SIZE, INCLUDING NEW NOTIFICATION PROCEDURES, PERFORMANCE STANDARDS, AND A PROCESS FOR REQUIRING CONDITIONAL USE AUTHORIZATION WHEN THE PERFORMANCE STANDARDS ARE NOT MET OR UPON REQUEST; REMOVE THE REQUIREMENT FOR CONDITIONAL USE AUTHORIZATION WHEN A FORMULA RETAIL ESTABLISHMENT CHANGES OPERATOR BUT REMAINS THE SAME SIZE AND USE CATEGORY AND INSTEAD REQUIRE THE NEW ADMINISTRATIVE REVIEW; AMEND THE CONDITIONAL USE CRITERIA FOR LARGE-SCALE RETAIL USES TO REQUIRE AN ECONOMIC IMPACT STUDY AND ESTABLISH NEW FEES FOR SAID STUDY; AND ADOPTING PLANNING CODE SECTION 302 FINDINGS, AND FINDINGS OF CONSISTENCY WITH THE GENERAL PLAN AND THE PRIORITY POLICIES OF PLANNING CODE SECTION 101.1.

PREAMBLE

Whereas, in 2004 the Board of Supervisor adopted San Francisco's first formula retail controls in three neighborhoods to provide a definition of formula retail and a regulatory framework that intended to

protect a "diverse base with distinct neighborhood retailing personalities comprised of a mix of businesses;"¹ and

Whereas, a number of amendments in quick succession added other formula retail controls to other district and neighborhoods, demonstrating growing concern around the proliferation of chain stores in San Francisco; and

Whereas, in 2007 San Francisco voters adopted Proposition G, the "Small Business Protection Act" which required Conditional Use authorization in all Neighborhood Commercial Districts; and

Whereas, Resolution Number 18843, adopted on April 11, 2013, set forth a policy that provides the first quantitative measure for concentration in the Upper Market Neighborhood, which established a formula for calculating the visual impacts of formula retail uses on a street frontage and determined that if the concentration of formula retail linear frontage is greater than or equal to 20% of the total linear frontage of all parcels located within 300 feet of the subject property and also zoned neighborhood commercial, the Planning Department shall recommend disapproval; and

Whereas, the summer of 2013 saw five ordinances introduced at the Board of Supervisors to alter the definition and implementation of formula retail controls; and

Whereas, on June 13, 2013, then-Planning Commission President Fong directed staff to review and analyze planning controls for formula retail uses in San Francisco due to the numerous pending proposals to change these controls; and

Whereas, the Board of Appeals ruled on June 19, 2013, that if a company has signed a lease for a location (even if the location is not yet occupied) those leases count toward the 11 establishments needed to be considered formula retail, and, while discussed, no action was taken on web-based establishments; and

Whereas, on June 25, 2013, Supervisor Weiner's ordinance Department of Public Works Code to restrict food trucks that are associated with formula retail establishments in the public right-of-way, including affiliates of formula retail restaurants; and

Whereas, the Planning Commission passed Resolution Number 18931 in July 2013, recommending to the Board of Supervisors that the issue of Formula Retail be further studied, with a focus on the economic, neighborhood, and visual impacts of the existing formula retail controls, as well as the anticipated impacts due to the potential expansion of controls; and

Whereas, in 2013-2014 the Planning Department commissioned a study prepared by Strategic Economics which described the existing formula retailers in San Francisco; the impact of these formula retailers on

¹ Ordinance Number 62-04, Board File 031501, available on-line at: <https://sfgov.legistar.com/LegislationDetail.aspx?ID=473759&GUID=A83D3A84-B457-4B93-BCF5-11058DDA5598&Options=ID|Text|&Search=62-04> (March 20, 2014).

San Francisco's neighborhoods; the wages and benefits of formula retailers; the effects of San Francisco's existing formula retail controls; and current issues revolving around formula retail in the City; and

Whereas, in February 2014, Office of the Controller prepared an economic analysis in response to proposed changes to San Francisco's formula retail policies, which included an analysis of consumer price and local spending differences between formula and independent retailers and an evaluation of the overall economic impact of expanding the City's formula retail controls.

WHEREAS, the proposed legislation is intended to resolve the aforementioned issues; and

WHEREAS, the Planning Commission (hereinafter "Commission") conducted a duly noticed public hearing at a regularly scheduled meeting to consider the proposed Ordinance on May 22, 2014; and

Whereas, the Planning Department has determined that the proposed Ordinance will not result in a direct or reasonably foreseeable indirect physical change on the environment, and therefore no further environmental review is required, as set forth in the California Environmental Quality Act Section 15060(c)(2); and

WHEREAS, the 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, the all pertinent documents may be found in the files of the Department, as the custodian of records, at 1650 Mission Street, Suite 400, San Francisco; and

WHEREAS, the Commission has reviewed the proposed Ordinance:

MOVED, that pursuant to Planning Code Section 302(b), the Planning Commission Adopts a Resolution of Intent to Initiate amendments to the Planning Code;

AND BE IT RESOLVED, That the Planning Commission authorizes the Department to prepare for the public hearing to consider the above referenced Planning Code amendments contained in the draft ordinance, approved as to form by the City Attorney in **Exhibit B**, to be considered at that publicly noticed hearing on or after June 5, 2014.

AND BE IT FURTHER RESOLVED, that the Planning Commission may consider adoption of the 2014 Formula Retail policy recommendations and associated text amendments to the Planning Code on or after June 5, 2014.

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:

- With the experience of applying the formula retail controls over the last ten years and the benefit of the recent Study “San Francisco Formula Retail Economic Analysis”, the originally identified concerns of the voters remain relevant. The Departments core findings are that the Conditional Use process is working and can be adjusted to better serve residents.
- Resident concerns include a displacement of critical goods and services to meet the daily needs of the neighborhood, a homogenization of the neighborhood’s aesthetics and that formula retailers are of less economic benefit than nonformula retailers.
- The Office of Economic Analysis (OEA) report “Expanding Formula Retail Controls: Economic Impact Report” was unable to quantify the impact of the presence of formula retailers on premium that residents pay to live in the City’s unique neighborhoods. However, the report found the uniqueness of San Francisco’s neighborhoods is based on a combination of unique visual characteristics and a sense of community fostered by small merchants and resident relationships. A formula retail establishment is determined by its recognizable look which is repeated at every location, therefore, detracting from the unique community character.
- The OEA report found that non-formula retailers may spend up to 9.5 percent more within the City economy than chain stores, but charge prices that average 17 percent more. The Report determined that, on balance, the economic benefits of greater local spending by non-formula retailers are outweighed by higher consumer prices.²
- The Planning Department commissioned a report by Strategic Economics that found the existing formula retail Conditional Use process creates a disincentive for formula retailers to be located in the NCDs.³ This report also found formula retail controls continue to be a useful tool in promoting small, startup businesses.
- Neighborhood Commercial Districts are intended to preserve the unique qualities of a district while also serving the daily needs of residents living in the immediate neighborhood; however community members have reported loss of daily needs uses due to inundation of formula retailers that target larger citywide or regional audiences⁴. The City strives to ensure that goods and services that residents require for daily living are available within walking distance and at an affordable price. Establishments that serve daily needs and formula retail establishments are neither mutually exclusive nor overlapping.

² City and County of San Francisco, Office of the Controller, Office of Economic Analysis, “Expanding Formula Retail Controls: Economic Impact Report”, February 12, 2014 http://www.sf-planning.org/ftp/files/legislative_changes/form_retail/formretail_130788_economic_impact_final.pdf

³ Strategic Economics, “San Francisco Formula Retail Economic Analysis”, prepared for San Francisco Planning Department. April 10, 2014 Draft Document, Page 5.

⁴ Strategic Economics, “San Francisco Formula Retail Economic Analysis”, prepared for San Francisco Planning Department. April 10, 2014 Draft Document, Page 110.

- When considering the appearance for a new formula retail establishment, these businesses, are ubiquitous and diminish the unique qualities of a shopping street. Under the Planning Code, formula retail establishments are defined as “an...establishment which, along with eleven or more other retail sales establishments...maintains two or more [standardized] features”. In other words, formula retailers are stores with multiple locations and a recognizable “look” or appearance. What makes a look recognizable in this case, is the repetition of the same characteristics of one store in multiple locations. The sameness of formula retail outlets, while providing clear branding for consumers, counters the general direction existing land use controls which value unique community character. The standardized characteristics that are found other places provide some level of homogenization. Formula retailers cannot be unique because there are at least 11 others with the same look.
- San Francisco is an international city that seeks to attract innovative business development. Established corporations as well as new startups choose San Francisco to test new concepts and ideas. Citywide, subsidiaries account for only three percent of retail businesses in San Francisco formula retail businesses and most of these would already qualify as formula retail under the existing Planning Code because they have 12 or more locations in the United States. Expanding the definition of formula retail to include subsidiaries is not recommended as it would constrain business development and innovation, be inconsistently applied and further complicate an existing process with minimal, if any, benefit.
- The National Bureau of Economic Research published a study titled “The Effects of Wal-Mart on Local Labor Markets” examined one specific brand of superstore, Wal-Mart, and found a negative effect on overall retail employment⁵. Specifically, this report found, “The employment results indicate that a Wal-Mart store opening reduces county-level retail employment by about 150 workers, implying that each Wal-Mart worker replaces approximately 1.4 retail workers. This represents a 2.7 percent reduction in average retail employment. The payroll results indicate that Wal-Mart store openings lead to declines in county-level retail earnings of about \$1.4 million, or 1.5 percent.
- Similarly, studies indicate that in terms of tax revenue, mixed-use is the most beneficial to the economy, while big box retailers do not significantly help the economy⁶. This is largely due to property taxes. The standard for a super store (a large, single-floor structure), does not yield the same multiplier effect that comes from vertical expansion that can be seen in a dense mixed-used

⁵ David Neumark, Junfu Zhang, and Stephen Ciccarella. National Bureau of Economic Research, “The Effects of Wal-Mart on Local Labor Markets.” Originally published 2005, revised on July 31, 2007. Journal of Urban Economics. Volume 67, Issue 1 (2010). Retrieved from <http://www.nber.org/papers/w11782.pdf>. Page 28.

⁶ Philip Langdon. New Urban News, “Best bet for tax revenue: mixed-use downtown development.” Published September 13, 2010. Retrieved from <http://bettercities.net/article/best-bet-tax-revenue-mixed-use-downtown-development-13144> on May 14 2014.

development. The sales tax is negligible, because even the increase in sales is offset by lower prices in super stores.

1. **General Plan Compliance.** The proposed Ordinance is consistent with the following Objectives and Policies of the General Plan:

I. COMMERCE & INDUSTRY ELEMENT

THE COMMERCE AND INDUSTRY ELEMENT OF THE GENERAL PLAN SETS FORTH OBJECTIVES AND POLICIES THAT ADDRESS THE BROAD RANGE OF ECONOMIC ACTIVITIES, FACILITIES, AND SUPPORT SYSTEMS THAT CONSTITUTE SAN FRANCISCO'S EMPLOYMENT AND SERVICE BASE.

OBJECTIVE 2

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

The proposed changes in both the Ordinance and the Commission's review procedures would further strengthen the attractiveness of the City as a unique place to live, work, and pursue recreational interests, by encouraging more diversified business uses, which strengthens the distinct nature of the surrounding neighborhoods. Very large retail sales and service uses should be carefully evaluated for their economic impact on the area.

OBJECTIVE 3

PROVIDE EXPANDED EMPLOYMENT OPPORTUNITIES FOR CITY RESIDENTS, PARTICULARLY THE UNEMPLOYED AND ECONOMICALLY DISADVANTAGED.

Policy 3.4

Assist newly emerging economic activities.

Formula Retail establishments can typically pay more for lease space and commit to longer lease contracts, whereas emerging economic activities typically cannot. Adding rigor to the review of Formula Retail applications could help relieve pressure on emerging economic activities and ease the process of finding affordable commercial spaces to lease.

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.

By encouraging independent, small businesses, the proposed changes help to enhance the diversity of the City's neighborhoods and their shopping areas. The added rigor in consideration of neighborhood-serving goods intended to meet the daily needs of residents will further the retention and addition of these valuable goods and services, whether provided by a formula retail or nonformula retail establishment. Neighborhood commercial areas vary widely in function, form, design, and character, and the proposed changes to Commission review would ease the approval of formula retailers that would meet such unmet needs for daily needs while also providing a critical review of formula retail establishments that would displace critical daily need uses. Overall, the changes would help to prevent any one area from becoming saturated by familiar brands and promotes the retention of unique character and diversity.

Policy 6.2

Promote economically vital neighborhood commercial districts which foster small business enterprises and entrepreneurship and which are responsive to economic and technological innovation in the marketplace and society.

The proposed changes are intended to create a balance between Formula Retail and independent owned businesses by establishing a more rigorous and data driven method of analysis balance with a qualitative analysis of the District, neighborhood and walking area. Having a healthy mix of these two types of businesses would promote vital commercial districts throughout the City, which could help foster small business enterprises and entrepreneurship.

Policy 6.7

Promote high quality urban design on commercial streets.

The proposed changes to aesthetic review and functionality of the façade would help to clarify design expectations for signage and performance standards. They are intended to help neighborhoods give their commercial areas a lively character and ensure pedestrian-oriented design. By seeking an active visual identity which performs and is distinct from formulaic designs will create an inviting atmosphere beneficial to businesses and neighbors alike.

II. TRANSPORTATION ELEMENT

Market Street

Market Street should be honored and protected as San Francisco's visual and functional spine. The City should engage in a comprehensive redesign of Market Street from the Embarcadero to Castro Street. Improvements to Market Street should emphasize its importance for pedestrians, cyclists, and transit.

III. URBAN DESIGN ELEMENT

Principles for City Pattern 16

Certain streets, because of unusual width or direction, are important form elements in themselves, giving identity to districts and order to the city structure.

COMMENT: Columbus Avenue and Market Street are examples of such streets. Any major interruptions of these streets would reduce their value as form elements.

IV. MARKET AND OCTAVIA PLAN

Policy 1.1.5

Reinforce the importance of Market Street as the city's cultural and ceremonial spine.

Market Street has historically been the city's most important street. New uses along Market Street should respond to this role and reinforce its value as a civic space. Ground-floor activities should be public in nature, contributing to the life of the street. High-density residential uses are encouraged above the ground floor as a valuable means of activating the street and providing a 24-hour presence. A limited amount of office use is permitted in the Civic Center area as part of the overall mix of activities along Market Street.

The General Plan recognizes the critical importance of Market Street as the City's "cultural and ceremonial spine". Special care should be given to ensure the retail service and sales offerings enrich both the aesthetics and the function of the spine. The proposed changes include expansion of formula retail controls on a developing portion of Market Street that will function as this burgeoning neighborhoods commercial street and ensures development of unique neighborhood character on this significant street.

2. The proposed replacement project is consistent with the eight General Plan priority policies set forth in Section 101.1 in that:

- A) The existing neighborhood-serving retail uses will be preserved and enhanced and future opportunities for resident employment in and ownership of such businesses will be enhanced:

Stakeholders have raised concerns that some landlords prefer formula retailers or other established brands over independent retailers⁷. Formula retailers will typically be better equipped to sign long term leases and can provide the stability and activation that lenders seek⁸. In addition, formula retailers often serve as an anchor to energize a new development and bring foot traffic to a redevelopment area⁹. The proposed Ordinance and performance-based review procedures include changes that will further a balance of existing and new neighborhood serving uses to meet residents' needs, further small business development, and maximize employment opportunities.

⁷ Strategic Economics, "San Francisco Formula Retail Economic Analysis", prepared for San Francisco Planning Department. April 10, 2014 Draft Document, Page 64.

⁸ Planning Department and OEWD Developer Roundtable, March 28, 2014

⁹ Strategic Economics, "San Francisco Formula Retail Economic Analysis", prepared for San Francisco Planning Department. April 10, 2014 Draft Document, Page 27.

- B) The existing housing and neighborhood character will be conserved and protected in order to preserve the cultural and economic diversity of our neighborhoods:

By adopting the proposed amendments, the Planning Commission's intends to conserve and protect neighborhood character by ensuring a balance of formula and independent retail that does not erode existing neighborhood character and provide uses critical to daily living within an easy walk and without the need for auto-generated trips.

- C) The City's supply of affordable housing will be preserved and enhanced:

The proposed Ordinance and procedural changes will have no adverse effect on the City's supply of affordable housing.

- D) The commuter traffic will not impede MUNI transit service or overburden our streets or neighborhood parking:

The proposed Ordinance and procedural changes will not result in commuter traffic impeding MUNI transit service or overburdening the streets or neighborhood parking. In fact, the proposed changes are intended to improve neighborhood services so that more daily needs can be met within an easy walk, decreasing demand for auto-generated trips.

- E) A diverse economic base will be maintained by protecting our industrial and service sectors from displacement due to commercial office development. And future opportunities for resident employment and ownership in these sectors will be enhanced:

The proposed Ordinance would consider changes to the industrial or service sectors or future opportunities for resident employment or ownership in these sectors, through the addition of an economic analysis of new large retail uses. The changes were designed to increase economic opportunities for all residents through entrepreneurship, business ownership and employment.

- F) The City will achieve the greatest possible preparedness to protect against injury and loss of life in an earthquake.

Preparedness against injury and loss of life in an earthquake is unaffected. Any new construction or alteration associated with a use would be executed in compliance with all applicable construction and safety measures.

- G) That landmark and historic buildings will be preserved:

Landmarks and historic buildings would be unaffected by the proposed amendments and procedural changes. Should a proposed use be located within a landmark or historic building, such site would be evaluated under all applicable Planning Code provisions and comprehensive Planning Department policies.

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- H) Parks and open space and their access to sunlight and vistas will be protected from development:

The City's parks and open space and their access to sunlight and vistas would be unaffected by the proposal. It is not anticipated that permits would be such that sunlight access, to public or private property, would be adversely impacted.

I hereby certify that the Planning Commission ADOPTED the foregoing Resolution on May 22, 2014.

Jonas P. Ionin
Commission Secretary

AYES:

NAYS:

ABSENT:

ADOPTED: May 22, 2014

EXHIBIT B

1 [Planning Code – Formula Retail and Large-Scale Retail Controls]

2 **Ordinance amending the Planning Code to amend the definition of formula retail to**
3 **include businesses that have 20 or more outlets worldwide; expand the applicability of**
4 **formula retail controls to other types of uses; require Conditional Use Authorization for**
5 **formula retail establishments in the C-3-G district with facades facing Market Street,**
6 **between 6th Street and the intersection of Market Street, 12th Street and Franklin**
7 **Street; expand the applicability of formula retail controls to create a new administrative**
8 **review process for the authorization of a new formula retail operator at a parcel that**
9 **had previously received a Conditional Use Authorization for the same formula retail**
10 **use type and size, which will include new notification procedures, performance**
11 **standards, and a process for requiring Planning Commission review when the**
12 **performance standards are not met or upon request; delete the requirement for**
13 **Conditional Use authorization when a formula retail establishment changes operator**
14 **but remains the same size and use category and instead require the new administrative**
15 **review; amend the Conditional Use criteria for Large-Scale Retail Uses to require an**
16 **economic impact study and establish new fees for said study; and adopting findings,**
17 **including environmental findings, Section 302 findings and findings of consistency**
18 **with the General Plan and Planning Code Section 101.1.**
19

20
21 **NOTE:** **Unchanged Code text and uncodified text** are in plain Arial font.
22 **Additions to Codes** are in *single-underline italics Times New Roman font*.
23 **Deletions to Codes** are in ~~*strikethrough italics Times New Roman font*~~.
24 **Board amendment additions** are in double-underlined Arial font.
25 **Board amendment deletions** are in ~~Arial font~~.
Asterisks (* * * *) indicate the omission of unchanged Code subsections or parts of tables.

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

2 Section 1. Findings.

3 (a) The Planning Department has determined that the actions contemplated in this
4 ordinance comply with the California Environmental Quality Act (California Public Resources
5 Code Sections 21000 et seq.). Said determination is on file with the Clerk of the Board of
6 Supervisors in File No. _____ and is incorporated herein by reference.

7 (b) On _____, the Planning Commission, in Resolution No. _____, adopted
8 findings that the actions contemplated in this ordinance are consistent, on balance, with the
9 City's General Plan and eight priority policies of Planning Code Section 101.1. The Board
10 adopts these findings as its own. A copy of said Resolution is on file with the Clerk of the
11 Board of Supervisors in File No. _____, and is incorporated herein by reference.

12 (c) Pursuant to Planning Code Section 302, this Board finds that this Planning Code
13 Amendment will serve the public necessity, convenience, and welfare for the reasons set forth
14 in Planning Commission Resolution No. _____ and the Board incorporates such reasons
15 herein by reference.

16
17 Section 2. The Planning Code is hereby amended by revising Subsections 303(i) and
18 303(j), to read as follows:

19 * * * *

20 (i) **Formula Retail Uses.**

21 (1) **Formula Retail Use.** A formula retail use is hereby defined as a type of
22 retail sales activity or retail sales establishment which, if the requested application were to be
23 approved, would have ~~has~~ twenty eleven or more other retail sales establishments in operation, or
24 with local land use or permit entitlements already approved, located ~~in the United States~~ anywhere in
25 the world. In addition to the twenty eleven establishments either in operation or with local land use

1 or permit entitlements approved for operation, the business maintains two or more of the
2 following features: a standardized array of merchandise, a standardized facade, a
3 standardized decor and color scheme, uniform apparel, standardized signage, a trademark or
4 a servicemark.

5 (A) Standardized array of merchandise shall be defined as 50% or more
6 of in-stock merchandise from a single distributor bearing uniform markings.

7 (B) Trademark shall be defined as a word, phrase, symbol or design, or a
8 combination of words, phrases, symbols or designs that identifies and distinguishes the
9 source of the goods from one party from those of others.

10 (C) Servicemark shall be defined as word, phrase, symbol or design, or a
11 combination of words, phrases, symbols or designs that identifies and distinguishes the
12 source of a service from one party from those of others.

13 (D) Decor shall be defined as the style of interior furnishings, which may
14 include but is not limited to, style of furniture, wall coverings or permanent fixtures.

15 (E) Color Scheme shall be defined as selection of colors used
16 throughout, such as on the furnishings, permanent fixtures, and wall coverings, or as used on
17 the facade.

18 (F) Facade shall be defined as the face or front of a building, including
19 awnings, looking onto a street or an open space.

20 (G) Uniform Apparel shall be defined as standardized items of clothing
21 including but not limited to standardized aprons, pants, shirts, smocks or dresses, hat, and
22 pins (other than name tags) as well as standardized colors of clothing.

23 (H) Signage shall be defined as business sign pursuant to Section 602.3
24 of the Planning Code.

1 (2) **"Retail Sales Activity or Retail Sales Establishment."** For the purposes
2 of this subsection (i), a retail sales activity or retail sales establishment shall include the
3 following uses, as defined in Articles 1, 7, and Article and 8 of this Code: "Bar," "Drive-up
4 Facility," "Eating and Drinking Use," "Liquor Store," "Sales and Service, Other Retail,"
5 "Restaurant," "Limited-Restaurant," "Take-Out Food," "Sales and Service, Retail," "Service,
6 Financial," "Movie Theater," ~~and~~ "Amusement and Game Arcade," "Service, Limited Financial,"
7 "Service, Business or Professional," and "Service, Fringe Financial."

8 (3) **Conditional Use Criteria.** With regard to a conditional use authorization
9 application for a formula retail use, the Planning Commission shall consider, in addition to the
10 criteria set forth in Subsection (c) above, the criteria below and the Performance-Based Standards
11 adopted by the Planning Commission to implement the criteria below.

12 (A) The existing concentrations of formula retail uses within a ¼ mile of
13 the proposed project-the district.

14 (B) The availability of other similar retail uses within a ¼ mile of the
15 proposed project-the district.

16 (C) The compatibility of the proposed formula retail use with the existing
17 architectural and aesthetic character of the district.

18 (D) The existing retail vacancy rates within a ¼ mile of the proposed
19 project-the district.

20 (E) The existing mix of Citywide-serving retail uses and ~~neighborhood~~
21 daily needs-serving retail uses within a ¼ mile of the proposed project-the district.

22 (F) Additional relevant data and analysis set forth in the Performance
23 Review Standards adopted by the Planning Commission.

24 (G) If required by Section 303(j) for Large Retail Uses, preparation of an
25 economic impact study.

1 (H) Notwithstanding anything to the contrary contained in Planning Code
2 Article 6 limiting the Planning Department's and Planning Commission's discretion to review signs,
3 the Planning Department and Planning Commission may review and exercise discretion to require
4 changes in the time, place and manner of the proposed signage for the proposed formula retail use.

5 (4) **Conditional Use Authorization Required.** A Conditional Use Authorization shall
6 be required for a formula retail use in the following zoning districts unless explicitly exempted:

- 7 (A) All Neighborhood Commercial Districts in Article 7;
8 (B) All Mixed Use-General Districts in Section 840;
9 (C) All Urban Mixed Use Districts in Section 843;
10 (D) All Residential-Commercial Districts as defined in Section 206.3;
11 (E) Japantown Special Use District as defined in Section 249.31;
12 (F) Chinatown Community Business District as defined in Section 810.1;
13 (G) Chinatown Residential/Neighborhood Commercial District as defined in
14 812.1;
15 (H) Western SoMa Planning Area Special Use District as defined in 823;
16 (I) Residential Transit-Oriented Districts as defined in 206.4 and 206.5;
17 (J) Limited Conforming Use/Non-Conforming Use in RH-RM-RTO and RED
18 Districts.

19 (K) The establishment of any new formula retail establishment in the C-3-G
20 District with frontage on Market Street, between 6th Street and the intersection of Market Street, 12th
21 Street and Franklin Street.

22 (5) **Formula Retail Uses Not Permitted.** Formula Retail Uses are not
23 permitted in the following zoning districts:

- 24 (A) Hayes-Gough Neighborhood Commercial Transit District;
25 (B) North Beach Neighborhood Commercial District;

1 (C) Chinatown Visitor Retail District;

2 (D) Upper Fillmore District does not permit Formula Retail uses that are
3 also Restaurant or Limited-Restaurant uses as defined in Section 790.90 and 790.91;

4 (E) Broadway Neighborhood Commercial District does not permit Formula
5 Retail uses that are also Restaurant or Limited-Restaurant uses as defined in Section 790.90
6 and 790.91;

7 (F) Mission Street Formula Retail Restaurant Subdistrict does not permit
8 Formula Retail uses that are also Restaurant or Limited-Restaurant uses as defined in
9 Section 790.90 and 790.91;

10 (G) Geary Boulevard Formula Retail Pet Supply Store and Formula Retail
11 Eating and Drinking Subdistrict does not permit Formula Retail uses that are also either a
12 Retail Pet Supply Store or an Eating and Drinking use as set forth in Section 781.4;

13 (H) Taraval Street Restaurant Subdistrict does not permit Formula Retail
14 uses that are also Restaurant or Limited-Restaurant uses as defined in Section 790.90 and
15 790.91;

16 (I) Chinatown Mixed Use District does not permit Formula Retail uses that are
17 also Restaurant or Limited-Restaurant uses as defined in Section 790.90 and 790.91.

18 (6) **Neighborhood ~~Commercial~~ Notification and Design Review.** Any
19 building permit application for a "formula retail use" as defined in this section ~~and located within~~
20 ~~a Neighborhood Commercial District in Article 7~~ shall be subject to the ~~Neighborhood Commercial~~
21 ~~Notification and~~ Design Review Procedures of Section 312 of this Code, unless the proposed
22 formula retail use is subject to the process set forth in the Planning Commission's Performance-Based
23 Review, as described in Section 303(i)(9), in which case the notice procedures described in that
24 subsection shall apply.
25

1 (7) **Change in Use.** A change from one formula retail use to another requires
2 a new Conditional Use Authorization, whether or not a Conditional Use Authorization would
3 otherwise be required by the particular change in use in question. This Conditional Use
4 Authorization requirement also applies in changes from one Formula Retail operator to another within
5 the same use category. A new Conditional Use Authorization shall not apply to a change in a
6 formula use retailer that meets the following criteria:

7 (A) the formula use operation remains the same in terms of its size, ~~function~~
8 ~~and general merchandise offering and use category~~ as determined by the Zoning Administrator,
9 ~~and~~

10 (B) ~~the change in the formula retail use operator is the result of the business being~~
11 ~~purchased by another formula retail operator who will retain all components of the existing retailer~~
12 ~~and make minor alterations to the establishment(s) such as signage and branding the new application~~
13 ~~complies with the Performance Review Standards adopted by the Planning Commission, as such~~
14 ~~Standards may be amended by subsequent Planning Commission action.~~

15 (C) the required public notification for the Performance Review Standards has been
16 provided as described in Section 303(i)(9), and

17 (D) there has been no request made to the Department to bring the proposed project
18 to the Planning Commission for a discretionary review hearing.

19 The new operator shall comply with all conditions of approval previously
20 imposed on the existing operator, including but not limited to signage programs and hours of
21 operation; and shall conduct the operation generally in the same manner; and shall comply with
22 the Performance Review Standards as described in Section 303(i)(9), ~~and offer essentially the same~~
23 ~~services and/or type of merchandise;~~ or seek and be granted a new Conditional Use
24 Authorization.
25

1 **(8) Determination of Formula Retail Use.** In those areas in which "formula
2 retail uses" are prohibited, any building permit application determined by the City to be for a
3 "formula retail use" that does not identify the use as a "formula retail use" is incomplete and
4 cannot be processed until the omission is corrected. Any building permit approved that is
5 determined by the City to have been, at the time of application, for a "formula retail use" that
6 did not identify the use as a "formula retail use" is subject to revocation at any time.

7 In those areas in which "formula retail uses" are subject to the provisions of subsection
8 303(i)(6) or 303(i)(9), any building permit application determined by the City to be for a "formula
9 retail use" that does not identify the use as a "formula retail use" is incomplete and cannot be
10 processed until the omission is corrected. Any building permit approved that is determined by the City
11 to be for a "formula retail use" that does not identify the use as a "formula retail use" shall be void and,
12 in order to be reconsidered, shall comply with the requirements in subsection (i)(6) or (i)(9), as
13 applicable.

14 If the City determines that a building permit application or building permit subject to this
15 Section of the Code is for a "formula retail use," the building permit application or holder bears
16 the burden of proving to the City that the proposed or existing use is not a "formula retail use."

17 (9) Performance Review Standards. Certain applications for Formula Retail uses, which
18 meet the criteria below, may be reviewed by Department staff pursuant to the Performance Review
19 Standards adopted by the Planning Commission, unless other requirements of this Code require a
20 Planning Commission hearing. The applicant shall also pay an administrative fee to compensate
21 Planning Department and City staff for its time reviewing the project under this subsection, as set forth
22 in Section 360 of this Code.

23 (A) Adherence to Performance Review Standards. The proposed project shall satisfy
24 the Commission's adopted Performance Review Standards for Formula Retail as described in Sec.
25 (i)(3)(C) for the design of the façade and signage.

1 (B) Public Notice. Upon determination that an application is in compliance with the
2 requirements of the Code and the Commission's Performance Review Standards for Formula Retail,
3 the Planning Department shall give notice of the application as follows:

4 (i) Mailed and Posted Notice. The Department shall cause a notice to be posted
5 on the site pursuant to rules established by the Zoning Administrator and shall cause a written notice
6 describing the proposed project to be sent in the manner described below. This notice shall be in
7 addition to any other required notices required by the Municipal Code and shall have a format and
8 content determined by the Zoning Administrator. It shall include a description of the proposal
9 compared to any existing improvements on the site with dimensions of the basic features, elevations
10 and site plan of the proposed project including the position of any adjacent buildings, exterior
11 dimensions and finishes, a graphic reference scale, existing and proposed uses and commercial or
12 institutional business name, if known. The notice shall describe the project review process and shall set
13 forth the mailing date of the notice and the expiration date of the notification period. Written notice
14 shall be mailed to the notification group which shall include the project sponsor, tenants of the subject
15 property, the Planning Commission, relevant neighborhood organizations as described in Section
16 312 (d)(2)(C), and all individuals having made a written request for notification for a specific parcel or
17 parcels pursuant to Planning Code Section 351(g).

18 (ii) Notification Period. Notwithstanding the notice requirement set forth in
19 Planning Code Section 312, all building permit applications shall be held for a period that is the longer
20 of 10 calendar days from either the date of the mailed notice or posting at the project site.

21 (iii) Elimination of Duplicate Notice. The notice provisions of this Section may
22 be waived by the Zoning Administrator for building permit applications for projects that have been, or
23 before approval will be, the subject of a duly noticed public hearing before the Planning Commission
24 or Zoning Administrator, provided that the nature of work for which the building permit application is
25 required is both substantially included in the hearing notice and is the subject of the hearing.

(iv) Requests for Mandatory Discretionary Review. A request for the Planning Commission to hold a Discretionary Review hearing for a specific building permit application shall be considered by the Planning Commission if received by the Planning Department no later than 5:00 p.m. of the last day of the notification period as described under Subsection (i)(9)(B) above, and consistent with guidelines adopted by the Commission. The project sponsor of a building permit application may request a Discretionary Review by the Planning Commission to resolve conflicts between the Director of Planning and the project sponsor concerning requested modifications to comply with the Performance Review Standards for Formula Retail. If a timely request is made for Discretionary Review by the Commission for a permit that would otherwise only be subject to the Performance Review Standards for Formula Retail, then the Commission shall hold a Discretionary Review hearing and consider the proposed project and all of the criteria described in Sec.(i)(3)(A-H) at such hearing.

(10) Findings. The Planning Commission or Planning Department shall adopt findings for approval of a Formula Retail use as established in Section 703.3(a).

(j) **Large-Scale Retail Uses.** With respect to applications for the establishment of large-scale retail uses under Section 121.6, in addition to the criteria set forth in Subsections (c) and (d) above, the Commission shall consider the following:

(1) The extent to which the retail use's parking is planned in a manner that creates or maintains active street frontage patterns;

(2) The extent to which the retail use is a component of a mixed-use project or is designed in a manner that encourages mixed-use building opportunities;

(3) The shift in traffic patterns that may result from drawing traffic to the location of the proposed use; and

(4) The impact that the employees at the proposed use will have on the demand in the City for housing, public transit, childcare, and other social services.

1 (5) An economic impact study. The Planning Department shall prepare an economic
2 impact study using qualified city staff or shall select a consultant from a pool of pre-qualified
3 consultants to prepare the economic impact study required by this subsection. The analysis, in the form
4 of a study, shall be considered by the Planning Commission in its review of the application. The
5 applicant shall bear the cost of paying the consultant for his or her work preparing the economic
6 impact study, and any necessary documents prepared as part of that study. The applicant shall also
7 pay an administrative fee to compensate Planning Department and City staff for its time reviewing the
8 study, as set forth in Section 359 of this Code. The study shall evaluate the potential economic impact
9 of the applicant's proposed project, including:

10 (A) Employment. The report shall include the following employment
11 information: a projection of both construction-related and permanent employment generated by the
12 proposed project; an analysis of whether the proposed project will result in a net increase or decrease
13 in permanent employment in the impact area; and the effect on wages and benefits of employees of
14 other retail business and community income levels in the impact area.

15 (B) Public Services. A projection of the costs of public services and facilities,
16 including transit, childcare, and social services resulting from the operation of the proposed project
17 and incident of those costs, including costs to the State or City and County of San Francisco of any
18 public assistance that employees of the proposed store will be eligible for based on the wages and
19 benefits to be paid by the proposed project.

20 (C) Public Revenue. A projection of the potential changes to sales tax revenue,
21 property taxes, impact fee assessments, and other public revenue that would be generated by the
22 proposed project.

23 (D) Leakage Study. An analysis of whether the proposed project will result in a
24 net increase or decrease in the City's capture of spending by area residents on items that would
25 otherwise be purchased outside the City & County of San Francisco.

1 **(E) Local Multiplier/Recirculation Study.** An analysis of whether the proposed
2 project will result in a net increase or decrease of commercial activity within the City & County of San
3 Francisco economy if the proposed project is approved. This study shall describe whether the
4 recirculation of dollars would increase or decrease in the following categories: 1) direct spending by
5 the proposed project and the spending of its competitors; 2) indirect spending that the supporting
6 businesses of the proposed project and its competitors in the impact area spend; and 3) induced
7 spending by the employees of the proposed project, the employees of its local competitors in the impact
8 area and the employees of supporting businesses.

9 **(F) Impact Area.** The area to be studied for potential economic impacts of the
10 proposed project shall be determined by the City in consultation with the expert conducting the study.
11 In no case shall the study area be less than 0.5 miles nor greater than 3.5 miles.

12 * * * *

13 Section 3. The Planning Code is hereby amended by revising Section 703.3 to read as
14 follows:

15 **(a) Findings.**

16 (1) San Francisco is a city of diverse and distinct neighborhoods identified in large
17 part by the character of their commercial areas.

18 (2) San Francisco needs to protect its vibrant small business sector and create a
19 supportive environment for new small business innovations. One of the eight Priority Policies
20 of the City's General Plan resolves that "existing neighborhood-serving retail uses be
21 preserved and enhanced and future opportunities for resident employment in and ownership
22 of such businesses enhances."

23 (3) Retail uses are the land uses most critical to the success of the City's
24 commercial districts.

1 (4) Formula retail businesses are increasing in number in San Francisco, as they
2 are in cities and towns across the country.

3 (5) Money earned by independent businesses is more likely to circulate within the
4 local neighborhood and City economy than the money earned by formula retail businesses
5 which often have corporate offices and vendors located outside of San Francisco.

6 (6) Formula retail businesses can have a competitive advantage over independent
7 operators because they are typically better capitalized and can absorb larger startup costs,
8 pay more for lease space, and commit to longer lease contracts. This can put pressure on
9 existing businesses and potentially price out new startup independent businesses.

10 (7) San Francisco is one of a very few major urban centers in the State in which
11 housing, shops, work places, schools, parks and civic facilities intimately co-exist to create
12 strong identifiable neighborhoods. The neighborhood streets invite walking and bicycling and
13 the City's mix of architecture contributes to a strong sense of neighborhood community within
14 the larger City community.

15 (8) Notwithstanding the marketability of a retailer's goods or services or the visual
16 attractiveness of the storefront, the standardized architecture, color schemes, decor and
17 signage of many formula retail businesses can detract from the distinctive character of certain
18 Neighborhood Commercial Districts.

19 (9) The increase of formula retail businesses in the City's neighborhood
20 commercial areas, if not monitored and regulated, will hamper the City's goal of a diverse
21 retail base with distinct neighborhood retailing personalities comprised of a mix of businesses.
22 Specifically, the unregulated and unmonitored establishment of additional formula retail uses
23 may unduly limit or eliminate business establishment opportunities for smaller or medium-
24 sized businesses, many of which tend to be non-traditional or unique, and unduly skew the
25 mix of businesses towards ~~national~~ formula retailers in lieu of ~~local or regional~~ unique or start-up

1 retailers, thereby decreasing the diversity of merchandise available to residents and visitors
2 and the diversity of purveyors of merchandise.

3 (10) If, in the future, neighborhoods determine that the needs of their
4 Neighborhood Commercial Districts are better served by eliminating the notice requirements
5 for proposed formula retail uses, by converting formula retail uses into conditional uses in their
6 district, or by prohibiting formula retail uses in their district, they can propose legislation to do
7 so.

8 (11) Formula retailers are establishments with multiple locations and standardized features
9 or a recognizable appearance. Recognition is dependent upon the repetition of the same
10 characteristics of one store in multiple locations. The sameness of formula retailers outlets, while
11 providing clear branding for consumers, counters the general direction of certain land use controls and
12 General Plan Policies which value unique community character and therefore need controls, in certain
13 areas, to maintain neighborhood individuality.

14 (12) According to an average of ten studies done by the firm Civic Economics and published
15 by the American Independent Business Alliance in October of 2012, spending by independent retailers
16 generated 3.7 times more direct local spending than that of formula retail chains.

17 (13) According to a 2014 Study by the San Francisco Office of Economic Analysis (OEA)
18 report "Expanding Formula Retail Controls: Economic Impact Report" formula retail controls may
19 have an effect on the City's economy, through their effect on the City's neighborhoods.

20 (14) The OEA Report found that in general, chain stores charge lower prices and provide
21 affordable goods, but may spend less within the local economy, and can be unpopular with some
22 residents because they can be seen to diminish the character of the neighborhood. At the same time,
23 this OEA Report found that excessively limiting chain stores can reduce commercial rents and raise
24 vacancy rates.

1 (15) Through a 2014 study commissioned by the Planning Department, titled "San Francisco
2 Formula Retail Economic Analysis," staff and consultants conducted one on one interviews and
3 worked with small groups including independent retailers, small business owners, merchants
4 associations, formula retailers, commercial brokers, neighborhood representatives and other
5 stakeholders. The Study found that landlords often perceive a benefit in renting to large established
6 chains, which landlords believe typically have better credit and can sign longer leases than local,
7 independent retailers, lowering the risk that the tenant will be unable to pay its rent. The existing land
8 use controls for formula retail create a disincentive for formula retailers to locate where those controls
9 on formula retail uses apply.

10
11 (b) **Formula Retail Use.** Formula retail use is ~~hereby defined in Section 303(i), as a~~
12 ~~type of retail sales activity or retail sales establishment which, along with eleven or more other retail~~
13 ~~sales establishments located, maintains two or more of the following features: a standardized array of~~
14 ~~merchandise, a standardized facade, a standardized decor and color scheme, a uniform apparel,~~
15 ~~standardized signage, a trademark or a servicemark.~~

16 ~~—— (1) Standardized array of merchandise shall be defined as 50% or more of in-stock~~
17 ~~merchandise from a single distributor bearing uniform markings.~~

18 ~~—— (2) Trademark shall be defined as a word, phrase, symbol or design, or a combination~~
19 ~~of words, phrases, symbols or designs that identifies and distinguishes the source of the goods from one~~
20 ~~party from those of others.~~

21 ~~—— (3) Servicemark shall be defined as word, phrase, symbol or design, or a combination~~
22 ~~of words, phrases, symbols or designs that identifies and distinguishes the source of a service from one~~
23 ~~party from those of others.~~

24 ~~—— (4) Decor shall be defined as the style of interior finishings, which may include but is~~
25 ~~not limited to, style of furniture, wallcoverings or permanent fixtures.~~

1 ~~(5) Color Scheme shall be defined as selection of colors used throughout, such as on~~
2 ~~the furnishings, permanent fixtures, and wallcoverings, or as used on the facade.~~

3 ~~(6) Facade shall be defined as the face or front of a building, including awnings,~~
4 ~~looking onto a street or an open space.~~

5 ~~(7) Uniform Apparel shall be defined as standardized items of clothing including but~~
6 ~~not limited to standardized aprons, pants, shirts, smocks or dresses, hat, and pins (other than name~~
7 ~~tags) as well as standardized colors of clothing.~~

8 ~~(8) Signage shall be defined as business sign pursuant to Section 602.3 of the Planning~~
9 ~~Code.~~

10 (c) **"Retail Sales Activity or Retail Sales Establishment"** shall include the uses
11 defined in Section 303(i)(2) of this Code.

12 (d) **Formula Retail Uses Permitted.** Any use permitted in certain districts defined in
13 Section 303 (i)(5)(4), which is also a "formula retail use" as defined in this Section, is hereby
14 permitted.

15 (e) **Formula Retail Use Prohibited.** Notwithstanding subsection (d), certain districts
16 may prohibit formula retail uses or a subset of formula retail uses as described in Section 303
17 (i)(5).

18 (f) **Conditional Uses.** Notwithstanding subsections (d) or (e), a Conditional Use
19 Authorization shall be required for a formula retail use in the zoning districts listed in Section
20 303 (i)(4), unless explicitly exempted. Additional criteria to be used by the Planning
21 Commission when considering granting conditional use permits to formula retail uses in these
22 districts are listed in Section 303(i).

23 (g) **Neighborhood Commercial Notification and Design Review.** After the
24 effective date of this Ordinance, any building permit application for a use permitted in a
25 Neighborhood Commercial District which is also a "formula retail use" as defined in this

1 section shall be subject to the Neighborhood ~~Commercial~~ Notification and Design Review
2 Procedures of Section ~~312-303(i)(6)~~ of this Code.

3 ~~—(h) Discretionary Review Guidelines. The Planning Commission shall develop and adopt~~
4 ~~guidelines which it shall employ when considering any request for discretionary review made pursuant~~
5 ~~to this Section. These guidelines shall include but are not limited to consideration of the following~~
6 ~~factors:~~

7 ~~—(1) Existing concentrations of formula retail uses within the Neighborhood Commercial~~
8 ~~District.~~

9 ~~—(2) Availability of other similar retail uses within the Neighborhood Commercial District.~~

10 ~~—(3) Compatibility of the proposed formula retail use with the existing architectural and~~
11 ~~aesthetic character of the Neighborhood Commercial District.~~

12 ~~—(4) Existing retail vacancy rates within the Neighborhood Commercial District.~~

13 ~~—(5) Existing mix of Citywide-serving retail uses and neighborhood-serving retail uses~~
14 ~~within the Neighborhood Commercial District.~~

15 ~~(h) —(i) Determination of Formula Retail Use. Section 303(i) establishes the process~~
16 ~~for correcting omissions within. After the effective date of this Ordinance, in those areas in which~~
17 ~~"formula retail uses" are prohibited, any building permit application determined by the City to be~~
18 ~~for a "formula retail use" that does not identify the use as a "formula retail use," is incomplete~~
19 ~~and cannot be processed until the omission is corrected. Any building permit approved after the~~
20 ~~effective date of this Ordinance that is determined by the City to have been, at the time of application,~~
21 ~~for a "formula retail use" that did not identify the use as a "formula retail use" is subject to revocation~~
22 ~~at any time.~~

23 ~~—After the effective date of this Ordinance, in those areas in which "formula retail uses" are~~
24 ~~subject to the Neighborhood Commercial Notification and Design Review provisions of subsection (g),~~
25 ~~any building permit application determined by the City to be for a "formula retail use" that does not~~

1 ~~identify the use as a "formula retail use" is incomplete and cannot be processed until the omission is~~
2 ~~corrected. After the effective date of this Ordinance, any building permit approved that is determined~~
3 ~~by the City to be for a "formula retail use" that does not identify the use as a "formula retail use" must~~
4 ~~complete the Neighborhood Commercial Notification and Design Review required in subsection (g).~~

5 ~~— If the City determines that a building permit application or building permit subject to this~~
6 ~~Section of the Code is for a "formula retail use," the building permit applicant or holder bears the~~
7 ~~burden of proving to the City that the proposed or existing use is not a "formula retail use."~~

8
9 Section 4. The Planning Code is hereby amended by revising Section 803.6 to read
10 as follows:

11 (a) **Findings.** The findings for Formula Retail controls are set forth in Section 703.3(a).

12 ~~— (1) San Francisco is a city of diverse and distinct neighborhoods identified in large part by~~
13 ~~the character of their commercial areas.~~

14 ~~— (2) San Francisco needs to protect its vibrant small business sector and create a~~
15 ~~supportive environment for new small business innovations. One of the eight Priority Policies of the~~
16 ~~City's General Plan resolves that "existing neighborhood serving retail uses be preserved and~~
17 ~~enhanced and future opportunities for resident employment in and ownership of such businesses~~
18 ~~enhances."~~

19 ~~— (3) Retail uses are the land uses most critical to the success of the City's commercial~~
20 ~~districts.~~

21 ~~— (4) Formula retail businesses are increasing in number in San Francisco, as they are in~~
22 ~~cities and towns across the country.~~

23 ~~— (5) Money earned by independent businesses is more likely to circulate within the local~~
24 ~~neighborhood and City economy than the money earned by formula retail businesses which often have~~
25 ~~corporate offices and vendors located outside of San Francisco.~~

1 —(6) ~~Formula retail businesses can have a competitive advantage over independent~~
2 ~~operators because they are typically better capitalized and can absorb larger startup costs, pay more~~
3 ~~for lease space, and commit to longer lease contracts. This can put pressure on existing businesses and~~
4 ~~potentially price out new startup independent businesses.~~

5 —(7) ~~San Francisco is one of a very few major urban centers in the State in which housing,~~
6 ~~shops, work places, schools, parks and civic facilities intimately co-exist to create strong identifiable~~
7 ~~neighborhoods. The neighborhood streets invite walking and bicycling and the City's mix of~~
8 ~~architecture contributes to a strong sense of neighborhood community within the larger City~~
9 ~~community.~~

10 —(8) ~~Notwithstanding the marketability of a retailer's goods or services or the visual~~
11 ~~attractiveness of the storefront, the standardized architecture, color schemes, decor and signage of~~
12 ~~many formula retail businesses can detract from the distinctive character of certain Neighborhood~~
13 ~~Commercial Districts.~~

14 —(9) ~~The increase of formula retail businesses in the City's neighborhood commercial areas,~~
15 ~~if not monitored and regulated, will hamper the City's goal of a diverse retail base with distinct~~
16 ~~neighborhood retailing personalities comprised of a mix of businesses. Specifically, the unregulated~~
17 ~~and unmonitored establishment of additional formula retail uses may unduly limit or eliminate business~~
18 ~~establishment opportunities for smaller or medium sized businesses, many of which tend to be non-~~
19 ~~traditional or unique, and unduly skew the mix of businesses towards national retailers in lieu of local~~
20 ~~or regional retailers, thereby decreasing the diversity of merchandise available to residents and~~
21 ~~visitors and the diversity of purveyors of merchandise.~~

22 —(10) ~~If, in the future, neighborhoods determine that the needs of their Neighborhood~~
23 ~~Commercial Districts are better served by eliminating the notice requirements for proposed formula~~
24 ~~retail uses, by converting formula retail uses into conditional uses in their district, or by prohibiting~~
25 ~~formula retail uses in their district, they can propose legislation to do so.~~

1 **(b) Formula Retail Uses.**

2 **(1) Formula Retail Uses Permitted as a Conditional Use.** Formula retail uses
3 ~~within Article 8 districts require Conditional Use Authorization as described within Section 303(i).~~are
4 ~~permitted in the MUG District, UMU District, Western SOMA Special Use District, the Chinatown~~
5 ~~Community Business District and the Chinatown Residential Neighborhood Commercial District only~~
6 ~~as a conditional use. When considering an application for a conditional use permit under this Section,~~
7 ~~the Planning Commission shall consider the criteria defined in Section 303(i) of this Code.~~

8 **(2) Formula Retail Uses Prohibited.** The establishment of new formula retail
9 uses ~~within Article 8 districts is prohibited as described within Section 303(i).~~in the Chinatown Visitor
10 ~~Retail District is prohibited. The establishment of new Restaurant or Limited Restaurant uses that are~~
11 ~~also defined as formula retail in any Chinatown Mixed Use Districts is prohibited.~~

12 **(c) Formula Retail Use Defined.** Formula retail use is hereby defined in Section
13 303(i). ~~as a type of retail sales activity or retail sales establishment which, along with eleven or more~~
14 ~~other retail sales establishments located in the United States, maintains two or more of the following~~
15 ~~features: a standardized array of merchandise, a standardized façade, a standardized décor and color~~
16 ~~scheme, a uniform apparel, standardized signage, a trademark or a servicemark.~~

17 ~~—— (1) Standardized array of merchandise shall be defined as 50% or more of in-stock~~
18 ~~merchandise from a single distributor bearing uniform markings.~~

19 ~~—— (2) Trademark shall be defined as a word, phrase, symbol or design, or a combination~~
20 ~~of words, phrases, symbols or designs that identifies and distinguishes the source of the goods from one~~
21 ~~party from those of others.~~

22 ~~—— (3) Servicemark shall be defined as word, phrase, symbol or design, or a combination~~
23 ~~of words, phrases, symbols or designs that identifies and distinguishes the source of a service from one~~
24 ~~party from those of others.~~

1 ~~— (4) Decor shall be defined as the style of interior finishings, which may include but is~~
2 ~~not limited to, style of furniture, wallcoverings or permanent fixtures.~~

3 ~~— (5) Color Scheme shall be defined as selection of colors used throughout, such as on~~
4 ~~the furnishings, permanent fixtures, and wallcoverings, or as used on the facade.~~

5 ~~— (6) Facade shall be defined as the face or front of a building, including awnings,~~
6 ~~looking onto a street or an open space.~~

7 ~~— (7) Uniform Apparel shall be defined as standardized items of clothing including but~~
8 ~~not limited to standardized aprons, pants, shirts, smocks or dresses, hat, and pins (other than name~~
9 ~~tags) as well as standardized colors of clothing.~~

10 ~~— (8) Signage shall be defined as business sign pursuant to Section 602.3 of the Planning~~
11 ~~Code.~~

12 ~~— (9) "Retail Sales Activity or Retail Sales Establishment" shall include the uses defined~~
13 ~~in Section 303(i)(2).~~

14
15 **(d) Determination of Formula Retail Use.** Section 303(i) establishes the process for
16 correcting omissions on any building permit application determined by the City to be a "formula retail
17 use" that does not identify the use as a "formula retail use." If the City determines that a building
18 permit application or building permit subject to this section of the Code is for a "formula retail use,"
19 the building permit applicant or holder bears the burden of proving to the City that the proposed or
20 existing use is not a "formula retail use."

21
22 ~~— (e) Permit Application Processing. After the effective date of this ordinance, any building~~
23 ~~permit application determined by the City to be for a "formula retail use" that does not identify the use~~
24 ~~as a "formula retail use" is incomplete and cannot be processed until the omission is corrected.~~

Section 5. The Planning Code is amended by revising Section 350(g), to read as follows:

Section 350. Fees, General

* * * *

(g) Fee Adjustments.

(1) The Controller will annually adjust the fee amounts specified in Sections 350-358~~359~~ by the two-year average consumer price index (CPI) change for the San Francisco/San Jose Primary Metropolitan Statistical Area (PMSA). For a listing of the Department's current fees inclusive of annual indexing for inflation, reference the Schedule of Application Fees available on the Department website.

Section 6. The Planning Code is amended by adding new Section 359, to read as follows:

Sec. 359. Economic Impact Study for Large Scale Retail Use.

The fee to review an economic impact study, as required by Section 303(j)(5), shall be \$3,500.00, plus any additional time and materials as set forth in Section 350(c).

Sec. 360 Performance Review for Formula Retail Use.

The fee to provide performance review for formula retail uses as required by Section 303(i)(9), shall be the standard building permit fee, plus time and materials as set forth in Section 350(c).

Section 7. The Planning Code is amended by revising Section 209.8, to read as follows:

SEC. 209.8. COMMERCIAL ESTABLISHMENTS IN R DISTRICTS.

RH	RH	RH	RH	RH	RM	RM	RM	RM	RM	RTO	RTOR	RC	RC
-1	-1	-1	-2	-3	-1	-2	-3	-4		-M	-3	-4	
(D)		(S)											

[illegible]

(c) Except for massage establishments as noted in Section 218.1, retail, personal service or other commercial establishment is permitted as a conditional use above the ground floor of a building if permitted as a principal or conditional use on the ground floor in an NC-3 District, unless otherwise specified in this Code.

										C	C	(d) Formula Retail Use, as defined in Section 703.3(b) <u>303(i)</u> of this Code.
							P	P	P	P		(e) Any use meeting the standards and limitations set forth in Section 231: Limited Corner Commercial Uses in RTO Districts.
										C	C	(f) Non-residential use exceeding 6,000 gross square feet.
										P	P	(g) Liquor Store on the ground floor, as defined in Section 790.55 of this Code, unless otherwise specified in this Code.
												(h) Drive-up Facility, as defined in Section 790.30 of this Code.
										P	P	(i) Walk-up Facility, as defined in Section 790.140 of this Code, is permitted as a principle use on the ground floor if recessed 3 feet; requires a conditional use if not recessed.
										P	P	(j) Outdoor Activity Area, as defined in Section 790.70 of this Code, if in front; requires a conditional use if elsewhere.

Section 8. The Planning Code is amended by revising Section 218, to read as follows:

SEC. 218. RETAIL SALES AND PERSONAL SERVICES.

1													
2													
3	C-2	C-3-O	C-3-O (SD)	C-3-R	C-3-G	C-3-S	C-M	M-1	M-2	PDR-1-G	PDR-1-D	PDR-1-B	PDR-2
4													
5													
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17													
18													
19													
20													
21													
22													
23	P	P	P	P	P _#	P	P	P	P	P, under 2,500	P, under	P, under 2,500	P, under
24													
25													

**SEC.
218. RETAIL
SALES AND
PERSONAL
SERVICES.**

The
uses specified
in this Section
shall not
include any use
first specifically
listed in a
subsequent
Section of this
Code.

(a) Retail
business or
personal
service
establishment.

1									gsf	5,00	gsf	2,500	
2									per	0		gsf	
3									lot; C	gsf		per	
4									above	per		lot*#	
5									for	lot;			
6									Groce	C			
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Section 9. The Planning Code is amended by revising Section 219 to read as follows:

SEC. 219. OFFICES.

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SEC. 219. OFFICES.

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(a) Professional and business offices, as defined in 890.70, not more than 5,000 gross square feet in size and offering on-site services to the general public.

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(b) Professional and business offices, as defined in 890.70, larger than 5,000 gross square feet in size and offering on-site services to the general public.

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[illegible]

1 Section 10. Effective Date. This ordinance shall become effective 30 days after
2 enactment. Enactment occurs when the Mayor signs the ordinance, the Mayor returns the
3 ordinance unsigned or does not sign the ordinance within ten days of receiving it, or the Board
4 of Supervisors overrides the Mayor's veto of the ordinance.

5 Section 11. Scope of Ordinance. In enacting this ordinance, the Board of Supervisors
6 intends to amend only those words, phrases, paragraphs, subsections, sections, articles,
7 numbers, punctuation marks, charts, diagrams, or any other constituent parts of the Municipal
8 Code that are explicitly shown in this ordinance as additions, deletions, Board amendment
9 additions, and Board amendment deletions in accordance with the "Note" that appears under
10 the official title of the ordinance.

11
12 APPROVED AS TO FORM:
13 DENNIS J. HERRERA, City Attorney

14 By:


15 ANDREA RUIZ-ESQUIDE
16 Deputy City Attorney

17 n:\land\as2014\1400076\00926536.doc

BOARD of SUPERVISORS



City Hall
Dr. Carlton B. Goodlett Place, Room 244
San Francisco 94102-4689
Tel. No. 554-5184
Fax No. 554-5163
TDD/TTY No. 554-5227

June 27, 2014

File No. 140736

John Rahaim
Director
Planning Department
1650 Mission Street, 4th Floor
San Francisco, CA 94103

Dear Director Rahaim:

On June 24, 2014, Supervisor Wiener introduced the following proposed legislation:

File No. 140736

Resolution imposing interim zoning controls for an 18-month period in the Castro Street Neighborhood Commercial District to require a Conditional Use authorization by the Planning Commission under Planning Code, Section 303(i), for a proposed use that has been determined to be Formula Retail even if a project sponsor subsequently removes one or more distinguishing Formula Retail Use features from the project proposal; and making environmental findings, and findings of consistency with the General Plan, and with the eight priority policies of Planning Code, Section 101.1.

This legislation is being transmitted to you for environmental review, pursuant to Planning Code Section 306.7(c).

Angela Calvillo, Clerk of the Board

A handwritten signature in cursive script, appearing to read "A. Ausberry".

By: Andrea Ausberry, Assistant Clerk
Land Use & Economic Development Committee

Attachment

- c: Scott Sanchez, Zoning Administrator
Sarah Jones, Environmental Review Officer
Aaron Starr, Legislative Affairs Manager
AnMarie Rodgers, Senior Policy Advisor
Joy Navarrete, Environmental Planning
Jeanie Poling, Environmental Planning
Marlena Byrne, Deputy City Attorney

*Not defined as a project under
CEQA Guidelines Sections 15378
and 15060(c)(2) because it does
not result in a physical change
in the environment.*

Joy Navarrete 7/3/14

BOARD of SUPERVISORS



City Hall
Dr. Carlton B. Goodlett Place, Room 244
San Francisco 94102-4689
Tel. No. 554-5184
Fax No. 554-5163
TDD/TTY No. 554-5227

MEMORANDUM

TO: Regina Dick-Endrizzi, Director
Small Business Commission, City Hall, Room 448

FROM: Andrea Ausberry, Assistant Clerk, Land Use and Economic Development
Committee, Board of Supervisors

DATE: June 27, 2014

SUBJECT: REFERRAL FROM BOARD OF SUPERVISORS
Land Use & Economic Development Committee

The Board of Supervisors' Land Use and Economic Development Committee has received the following legislation, which is being referred to the Small Business Commission for comment and recommendation. The Commission may provide any response it deems appropriate within 12 days from the date of this referral.

File No. 140736

Resolution imposing interim zoning controls for an 18-month period in the Castro Street Neighborhood Commercial District to require a Conditional Use authorization by the Planning Commission under Planning Code, Section 303(i), for a proposed use that has been determined to be Formula Retail even if a project sponsor subsequently removes one or more distinguishing Formula Retail Use features from the project proposal; and making environmental findings, and findings of consistency with the General Plan, and with the eight priority policies of Planning Code, Section 101.1.

Please return this cover sheet with the Commission's response to me at the Board of Supervisors, City Hall, Room 244, 1 Dr. Carlton B. Goodlett Place, San Francisco, CA 94102.

RESPONSE FROM SMALL BUSINESS COMMISSION - Date: _____

_____ No Comment

_____ Recommendation Attached

Chairperson, Small Business Commission

Member, Board of Supervisors
District 8



City and County of San Francisco

LU Comm. Clerk

CoB


Leg. Dep

SCOTT WIENER


威善高

DATE: July 1st, 2014

TO: Angela Calvillo
Clerk of the Board of Supervisors

FROM: Supervisor Scott Wiener 
Chairperson, Land Use and Economic Development Committee

RE: Land Use and Economic Development Committee
COMMITTEE REPORT

RECEIVED
BOARD OF SUPERVISORS
SAN FRANCISCO
2014 JUL -1 PM 2:47


Pursuant to Board Rule 4.20, as Chair of the Land Use and Economic Development Committee, I have deemed the following matter is of an urgent nature and request it be considered by the full Board on Tuesday, July 8th, 2014, as a Committee Report:

**140736 Interim Zoning Controls – Formula Retail Use in the Castro Street
Neighborhood Commercial District**

Resolution imposing interim zoning controls for an 18-month period in the Castro Street Neighborhood Commercial District to require a Conditional Use authorization by the Planning Commission under Planning Code, Section 303(i), for a proposed use that has been determined to be Formula Retail even if a project sponsor subsequently removes one or more distinguishing Formula Retail Use features from the project proposal; and making environmental findings, and findings of consistency with the General Plan, and with the eight priority policies of Planning Code, Section 101.1.

This matter will be heard in the Land Use and Economic Development Committee on Monday, July 7th, 2014, at 1:30 p.m.

BOARD of SUPERVISORS



City Hall
1 Dr. Carlton B. Goodlett Place, Room 244
San Francisco 94102-4689
Tel. No. 554-5184
Fax No. 554-5163
TDD/TTY No. 544-5227

PROOF OF MAILING

Legislative File No. 140736

Description of Items:

140736: Resolution imposing interim zoning controls for an 18-month period in the Castro Street Neighborhood Commercial District to require a Conditional Use authorization by the Planning Commission under Planning Code, Section 303(i), for a proposed use that has been determined to be Formula Retail even if a project sponsor subsequently removes one or more distinguishing Formula Retail Use features from the project proposal; and making environmental findings, and findings of consistency with the General Plan, and with the eight priority policies of Planning Code, Section 101.1.

I, Andrea Ausberry and Monica Guzman, an employee of the City and County of San Francisco, mailed the above described document(s) by depositing the sealed items with the United States Postal Service (USPS) with the postage fully prepaid as follows:

Date: June 27, 2014

Time: 9:32 am

USPS Location: Front Desk, Office of the Clerk of the Board

Mailbox/Mailslot Pick-Up Times (if applicable): N/A

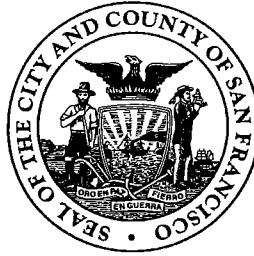
Signature: _____

Two handwritten signatures are shown. The first is a stylized "AA" inside a circle, and the second is a cursive signature that appears to be "mg".

Instructions: Upon completion, original must be filed in the above referenced file.

882 pieces of mail

BOARD of SUPERVISORS



City Hall
1 Dr. Carlton B. Goodlett Place, Room 244
San Francisco 94102-4689
Tel. No. 554-5184
Fax No. 554-5163
TDD/TTY No. 554-5227

NOTICE OF PUBLIC HEARING

BOARD OF SUPERVISORS OF THE CITY AND COUNTY OF SAN FRANCISCO LAND USE AND ECONOMIC DEVELOPMENT COMMITTEE

NOTICE IS HEREBY GIVEN THAT the Land Use and Economic Development Committee will hold a public hearing to consider the following proposal and said public hearing will be held as follows, at which time all interested parties may attend and be heard:

Date: Monday, July 7, 2014

Time: 1:30 p.m.

Location: Committee Room 263, located at City Hall
1 Dr. Carlton B. Goodlett Place, San Francisco, CA

Subject: **File No. 140736.** Resolution imposing interim zoning controls for an 18-month period in the Castro Street Neighborhood Commercial District to require a Conditional Use authorization by the Planning Commission under Planning Code, Section 303(i), for a proposed use that has been determined to be Formula Retail even if a project sponsor subsequently removes one or more distinguishing Formula Retail Use features from the project proposal; and making environmental findings, and findings of consistency with the General Plan, and with the eight priority policies of Planning Code, Section 101.1.

In accordance with San Francisco Administrative Code, Section 67.7-1, persons who are unable to attend the hearing on this matter may submit written comments to the City prior to the time the hearing begins. These comments will be made a part of the official public record in this matter, and shall be brought to the attention of the members of the Committee. Written comments should be addressed to Angela Calvillo, Clerk of the Board, Room 244, City Hall, 1 Dr. Carlton Goodlett Place, San Francisco, CA 94102. Information relating to this matter is available in the Office of the Clerk of the Board. Agenda information relating to this matter will be available for public review on Friday, July 4, 2013.

A handwritten signature in black ink, appearing to read "Angela Calvillo".

Angela Calvillo, Clerk of the Board

DATED: June 26, 2014
MAILED/POSTED: June 27, 2014
PUBLISHED: June 28, 2014

OWNER NAME	OWNER ADDRESS	OWNER CITY	OWNER STATE	OWNER ZIP
2317-2335 MARKET LLC	245 COLLINGWOOD ST	SAN FRANCISCO	CA	94114
2339 MARKET STREET ASSOCIATES LP	422 CORBETT AVE	SAN FRANCISCO	CA	94114
3983-85 17TH STREET LLC	308 JESSIE ST	SAN FRANCISCO	CA	94103
4096 18TH STREET LLC	3501 CALIFORNIA ST #200	SAN FRANCISCO	CA	94118
4133 18TH LLC	1450 CASTLE RD	SONOMA	CA	95476
430 CASTRO STREET LLC	262 STONECREST DR	SAN FRANCISCO	CA	94114
430 CASTRO STREET LLC	1234 CASTRO ST	SAN FRANCISCO	CA	94114
460NOE GROUP LLC	1234 CASTRO STREET	SAN FRANCISCO	CA	94114
461-463 CASTRO STREET LLC	1755 DECOTO RD	UNION CITY	CA	94587
468 NOE STREET LLC	111 SUNHAVEN RD	DANVILLE	CA	945061903
605 CASTRO LLC	468 NOE ST	SAN FRANCISCO	CA	94114
ABATE MICHAEL J	1596 CHURCH ST	SAN FRANCISCO	CA	94131
ACAYAN CAMILLE A	65 EUREKA ST	SAN FRANCISCO	CA	94114
ADAMS JULIA M	3980 18TH ST	SAN FRANCISCO	CA	94114
ADRIENNE H PERRY REVOCABLE TRUST	662 CASTRO STREET	SAN FRANCISCO	CA	94114
ALAN JAMES GIBSON 2005 REVOC INTE	127 EUREKA STREET	SAN FRANCISCO	CA	94114
ALBERGOTTI J CLIFTON	3927 - 17TH ST	SAN FRANCISCO	CA	94114
ALBERT F ALEGRE SURVIVOR'S TR	527 NOE ST	SAN FRANCISCO	CA	94114
ALBERT O J LANDUCCI TR UDT 9/6/89	36 KNOLL RD	SAN RAFAEL	CA	94901
ALFRED J SHARFF & MARCIA C LEVINE TR	10 SCENIC WAY 201	SAN MATEO	CA	94403
ALLAN C & MAY C HONG 1990 REVOC T	174 HANCOCK ST	SAN FRANCISCO	CA	941142531
ALLEN H BURGI REVOC TR	481 30TH AVE	SAN FRANCISCO	CA	94121
ALTHOLZ ROXANNA	85 EUREKA ST	SAN FRANCISCO	CA	94114
AMARAL KAREN	51 STATES ST #A	SAN FRANCISCO	CA	94114
AMES LEWIS T	518 NOE ST APT 1	SAN FRANCISCO	CA	94114
AMIR PROPERTIES LLC	31 HARTFORD AV	SAN FRANCISCO	CA	94114
ANAND & ASSOCIATES INC	6349 DREXEL AVE	LOS ANGELES	CA	90048
ANDERSON ELLIS ROSS	1600 LAKE ST	SAN FRANCISCO	CA	94121
ANN ROHER REALTY LLC	1 CLARENDON AVE	SAN FRANCISCO	CA	94114
ANNA LINDA TORRES LIVING TRUST	2100 PACIFIC AVE #6B	SAN FRANCISCO	CA	94115
ANTONIO & RITA CASTELLUCCI TR	224 WETLANDS EDGE ROAD	AMERICAN CANYON	CA	94503
ARABIA HUGO & PATRICIA S	1757 UNION ST	SAN FRANCISCO	CA	94123
ARAYA SEBASTIAN & MARGARET	1170 HOLMAN RD	OAKLAND	CA	94610
ARCHDIOCESE OF S F & SCHL J P R L	60 PARNASSUS AVE	SAN FRANCISCO	CA	94117
ARCHDIOCESE OF S F & SCHL J P R L	1301 POST ST STE 102	SAN FRANCISCO	CA	94109
ARMOR FAMILY TRUST	1301 POST STREET SUITE 102	SAN FRANCISCO	CA	94109
ARMSTRONG FAMILY TRUST	P.O. BOX 3007	PALM SPRINGS	CA	922633007
ARTHUR L FERGUSON BYPASS TR	546 NOE ST	SAN FRANCISCO	CA	94114
ASH FAMILY REVOCABLE TRUST	500 DAVEY GLEN RD	BELMONT	CA	94002
ASTEN ERNEST L & MARTHA J	PO BOX 30	SAN RAMON	CA	94583
AYBES ALEXANDRE A & TAUZIA MARYLI	479 CASTRO ST	SAN FRANCISCO	CA	94114
AZZOLINO TRUST THE	164 HARTFORD ST	SAN FRANCISCO	CA	94114
B S W REAL ESTATE CORPORATION	2985 CHURCHILL DR	HILLSBOROUGH	CA	94010
BABBITT-CAMINO FMLY TRUST	714 VAN NESS AVE	SAN FRANCISCO	CA	94102
BAEK HEEJO & BURNSTEIN LEE KENNETH	4059 17TH ST	SAN FRANCISCO	CA	94114
BAIRD HELEN L	635 CASTRO ST	SAN FRANCISCO	CA	94114
BAKER JOHN R	223 COLLINGWOOD ST	SAN FRANCISCO	CA	94114
BAKI ALLEN	234 HARTFORD ST	SAN FRANCISCO	CA	94114
BALLARD LINDA P	28 FORD ST	SAN FRANCISCO	CA	94114
BAN HUBERT S & STACY	121 TOMALES ST	SAUSALITO	CA	94965
BANK OF AMERICA NA	4031 18TH ST	SAN FRANCISCO	CA	94114
BANSEMER TR OF BANSEMER-ZIMMER LVG TRUST	101 N TRYON ST	CHARLOTTE	NC	28255
BARDWICK DEBORAH SUSAN	225 UNION BLVD STE 450	LAKEWOOD	CO	80228
BARNUM ROBERT C	35 HARTFORD STREET	SAN FRANCISCO	CA	94114
BARRY A & DIANNE L V SUDBURY TRUST	712 WALLER ST	SAN FRANCISCO	CA	94117
BASSEM R SIRHED TRUST 2001	80 COLLINGWOOD ST #202	SAN FRANCISCO	CA	94114
BASTARRACHEA TRUST	PO BOX 626	BURLINGAME	CA	94011
BASTIS CHRISTOS GREGORY	22 CARLETON AVE	DALY CITY	CA	94015
BASUINO FAMILY LIVING TRUST	327 WEBSTER STREET	SAN FRANCISCO	CA	94117
BASUINO JAMES E	5410 VIA CARANCHO	SAN DIEGO	CA	92111
BEALL MARISHA	2627 14TH AVE	SAN FRANCISCO	CA	94127
BECERRA SALVADOR A III	4075 18TH ST	SAN FRANCISCO	CA	941142535
BEN-GAL BARAK	2425 MARKET ST #12	SAN FRANCISCO	CA	94114
BENBOW SCOTT R & PAPADAKOS ATHENA	1116 NEILSON ST	ALBANY	CA	94706
BENBOW SCOTT R & PAPADAKOS ATHENA P	4004 18TH ST	SAN FRANCISCO	CA	941142502
BENSON MAX E TRUSTEE	4002 18TH ST	SAN FRANCISCO	CA	94114
BERRY CHRISTOPHER P	87 DIAMOND ST	SAN FRANCISCO	CA	94114
BERRY JOHN	167 HARTFORD ST	SAN FRANCISCO	CA	94114
BERRY JOHN	1911 DOUGLAS BLVD #85 PMB 241	ROSEVILLE	CA	95661
BERRY JOHN	401 LEMAR DR	ROSEVILLE	CA	95678
BERRY THOMAS R	160 HANCOCK ST UNIT 1	SAN FRANCISCO	CA	94114
BEUTHER ROBERT	70 - 74 HARTFORD ST	SAN FRANCISCO	CA	94114
BITAR ALLAM N	4073 18TH ST	SAN FRANCISCO	CA	941142535
BITAR ALLAM NAZIH	4073 18TH ST	SAN FRANCISCO	CA	94114
BITAR IMAD N	4073 18TH ST	SAN FRANCISCO	CA	941142535
BITAR IMAD NAZIH	4073 18TH ST	SAN FRANCISCO	CA	94114
BITAR IMAD NAZIH & ALLAM NAZIH	P O BOX 626	BURLINGAME	CA	94011
BJORGAN STEPHEN	2370 MARKET STREET	SAN FRANCISCO	CA	94114
BLACKWELL TOKI S 1992 TRUST	756 ELM AVE	SAN BRUNO	CA	94066
BOE POLLY E & GEORGE W IV	476 NOE ST	SAN FRANCISCO	CA	94114
BOHNERT ALBERT C TEWELL JERRY	191 COLLINGWOOD ST	SAN FRANCISCO	CA	94114
BOLTON FAMILY TRUST	4222 18TH STREET	SAN FRANCISCO	CA	94114
BOQUERA ROSA TEN	165 COLLINGWOOD ST	SAN FRANCISCO	CA	941142411
BORCHERDT BRITTANY REDGATE	464 NOE ST	SAN FRANCISCO	CA	94114
BORCHERDT RYAN L	464 NOE ST	SAN FRANCISCO	CA	94114
BOWERS MARK H	169 COLLINGWOOD ST # 3	SAN FRANCISCO	CA	94114
BOYD M SWARTZ REVC TRUST	121 ALPINE TER	SAN FRANCISCO	CA	94117
BOYD M SWARTZ REVC TRUST 10/28/11	121 ALPINE TER	SAN FRANCISCO	CA	94114
BOYD NAOMI K	4054 18TH ST	SAN FRANCISCO	CA	94114
BRAMMELL SALLY FOX DAVID	65 HARTFORD ST	SAN FRANCISCO	CA	94114
BRANDON JONATHAN D & FOREMAN DANIELLE	412 NOE ST #B	SAN FRANCISCO	CA	94114
BRIAN HANLEY CASSIDY 2009 REVOC TR	279 RIVERA DR	SAN RAFAEL	CA	94901
BRIAN S SCHNEIDER REV INTR VIVOS TR	4064 17TH ST	SAN FRANCISCO	CA	941141903
BRIGITTE M PFAU TRUST	227 DORLAND ST	SAN FRANCISCO	CA	94114
BRITTON KENNETH RUEBUSH JR REVOC	43 HARTFORD ST	SAN FRANCISCO	CA	94114
BRITTON PATRICIA A REVOCABLE TR	1345 MISSION ST	SAN FRANCISCO	CA	94103

BROADWAY PROPERTIES LLC	765 MARKET ST #344	SAN FRANCISCO	CA	94103
BROWN KARA	45 STATES ST	SAN FRANCISCO	CA	94114
BRUCE DAVID CARPENTER 2005 REVOC	3927 - 17TH ST	SAN FRANCISCO	CA	94114
BUELOW SF ONE LLC	2747 ROSS RD	PALO ALTO	CA	94303
BUNCH A. CATHERINE	609 CASTRO ST UNIT D	SAN FRANCISCO	CA	941142549
BURITZ BHAGAVAN S & ROSEANNA	P.O. BOX 242	KEALAKEKUA	HI	96750
BURNETT BRIAN D LIVING TRUST	42 HARTFORD STREET	SAN FRANCISCO	CA	94114
BURRADELL ALAN L	584 CASTRO ST # 419	SAN FRANCISCO	CA	94114
BUSCH MARK R	164 DIAMOND ST #3	SAN FRANCISCO	CA	94114
BY-PASS TRUST	4630 GEARY BLVD STE 202	SAN FRANCISCO	CA	94118
C MONSTER LIVING TRUST	544 NOE ST	SAN FRANCISCO	CA	94114
CACCIOTTI GERALD J	177 HANCOCK STREET	SAN FRANCISCO	CA	94114
CALLAN 1991 TRUST	1816 MILLBERRY DR	SAN MATEO	CA	94403
CALLAN JOHN	P. O. BOX 670	DIABLO	CA	94528
CALLAN LIVING TRUST	P. O. BOX 670	DIABLO	CA	94528
CAMDALE PARTNERS LLC	P.O. BOX 1971	PALM SPRINGS	CA	92263
CAMPBELL MICHAEL S	36 FORD ST	SAN FRANCISCO	CA	94114
CANATA HAPP FAMILY PARTNERS LP	1645 CORONADO WAY	BURLINGAME	CA	94010
CARMEN MCGUIRK	6002 ARMFIELD CT	SUMMERFIELD	NC	27358
CARMEN YATES MCGUIRK TR 1995	6002 ARMFIELD CT	SUMMERFIELD	NC	27358
CARNEVALE CASSANDRA PATRICIA	178 HANCOCK ST	SAN FRANCISCO	CA	94114
CARNEY ELAINE M	123 EUREKA ST	SAN FRANCISCO	CA	94114
CARNEY ELAINE M	123 EUREKA STREET	SAN FRANCISCO	CA	94114
CAROL CARRILLO LVG TRUST	19224 COLUMBINE COURT	SARATOGA	CA	95070
CAROLYN M LAPTHORN 2010 REVOC TR	71 FORD ST	SAN FRANCISCO	CA	94114
CARTER, ALAN L	230 COLLINGWOOD ST	SAN FRANCISCO	CA	94114
CASA LUNA SF LLC	816 EVERETT AVE	OAKLAND	CA	94602
CASALE NOEL	226 HARTFORD ST	SAN FRANCISCO	CA	94114
CASTILLO OSCAR LIVING TRUST	42 HARTFORD STREET	SAN FRANCISCO	CA	94114
CASTO GARRET & BRANDI	125 EUREKA STREET	SAN FRANCISCO	CA	94114
CASTO GARRETT & BRANDI	125 EUREKA STREET	SAN FRANCISCO	CA	94114
CASTRO LLC	P.O. BOX 14517	SAN FRANCISCO	CA	94114
CATHLEEN & ROBERT UNRUH LVG TR	432 NOE ST	SAN FRANCISCO	CA	94114
CEELY RICHARD P	75A COLLINGWOOD	SAN FRANCISCO	CA	941142016
CENTRAL CALIFORNIA THEATRES CO	870 MARKET ST #1114	SAN FRANCISCO	CA	94102
CERNY WYATT	54 COLLINGWOOD ST	SAN FRANCISCO	CA	94114
CERNY WYATT	54 COLLINGWOOD ST	SAN FRANCISCO	CA	941141907
CHARLES NOL 2003 REVOC TR	174A HARTFORD ST	SAN FRANCISCO	CA	94114
CHEN CHIN YUN WEI 1995 TRUST	364 BUSH ST	SAN FRANCISCO	CA	94122
CHEN JOHN W TRUSTEE	4537 25TH ST	SAN FRANCISCO	CA	94114
CHEUNG YAN WAH	609 CASTRO ST #C	SAN FRANCISCO	CA	94114
CHOATE NANCY A	572 NOE ST	SAN FRANCISCO	CA	94114
CHORLEY-WOO TRUST	1976 LEXINGTON AVE	SAN FRANCISCO	CA	94114
CHRISTOPHER A HERNANDO	19 HARTFORD ST	SAN MATEO	CA	94402
CHU FMLY TRUST	442 NOE ST	SAN FRANCISCO	CA	941142013
CHU NORMAN & SYLVIA	181 LOS ROBLES DR	BURLINGAME	CA	94010
CHUNG MICHAEL	P.O. BOX 2461	KEALAKEKUA	HI	96750
CIEPLINSKI AVI	189 COLLINGWOOD ST	SAN FRANCISCO	CA	941142411
CINTI MICHELE A	216 DWIGHT ROAD	BURLINGAME	CA	94010
CIPPA REMO	3971-3973 18TH ST	SAN FRANCISCO	CA	94114
CITY PROPERTY	25 VAN NESS AVE	SAN FRANCISCO	CA	94102
CIUDAD JEAN-PIERRE	36 HARTFORD ST	SAN FRANCISCO	CA	94114
CLAIRE INVESTMENTS, INC.	1870 SANTA CRUZ AVE	MENLO PARK	CA	94025
CLARK DAVID A	2433 15TH ST #1	SAN FRANCISCO	CA	94114
CLAUDE DELVENTHAL DECEDENTS TR	236 COLLINGWOOD ST	SAN FRANCISCO	CA	94114
CLAYTON PATRICK B	37 COLLINGWOOD ST	SAN FRANCISCO	CA	94114
COCCO ELIZABETH S	173-A HARTFORD ST	SAN FRANCISCO	CA	94114
COLLINGWOOD LLC	347 9TH ST #456	SAN FRANCISCO	CA	94103
COLLINGWOOD PROPERTIES LLC	2576 VALLEJO STREET	SAN FRANCISCO	CA	94123
COMFORT FREDERICK WILLIAM	146 HANCOCK ST	SAN FRANCISCO	CA	94114
COMPTON JAMES V REVOC TRUST	170 DIAMOND ST	SAN FRANCISCO	CA	94114
COOK MARK JOHN & THOMAS LISA ANN	4051 - 4055 19TH ST	SAN FRANCISCO	CA	941142561
COOPER STANMORE C	230 COLLINGWOOD ST	SAN FRANCISCO	CA	94114
COPE CLINTON D & NAKHIMOVSKY YELENA	42 COLLINGWOOD ST	SAN FRANCISCO	CA	941141907
CORCORAN CATHY	3974 18TH ST	SAN FRANCISCO	CA	941142520
CORINNE MARGARET BURT 2007 TR	1131 BEAR CREEK RD	MARTINEZ	CA	94553
COUNDOURIS JOHN A	117 HARTFORD ST C	SAN FRANCISCO	CA	941142551
COX ROBERT M & CUTTS SUZANNE	60 HARTFORD ST	SAN FRANCISCO	CA	94114
CRAIG L LEVINE LIVING TR	220 HARTFORD ST	SAN FRANCISCO	CA	94114
CRAWFORD HIBBS FAMILY LIVING TRUS	2425 MARKET ST APT 10	SAN FRANCISCO	CA	94114
CRITES THOMAS R	3955 18TH ST	SAN FRANCISCO	CA	94114
CROWE FAMILY TRUST	7830 MEADOW VISTA DR	RENO	NV	89511
CRUZ ROBERT E	P.O. BOX 14104	SAN FRANCISCO	CA	94114
CULVER CALVIN O & CARMEN M	2331 BRYANT ST	SAN FRANCISCO	CA	94110
CULVER JORDAN C	3948 18TH ST	SAN FRANCISCO	CA	94114
CURTIS MARYELLEN D	782 CORNWALL AVE	CHESHIRE	CT	06410
CUTLER JAY M & NANCY B	125 CARMEL ST	SAN FRANCISCO	CA	94117
D'ALLANT/BERSON REVOCABLE TRUST	66 COLLINGWOOD ST	SAN FRANCISCO	CA	94114
DAGOVITZ 2005 TRUST	1527 FIFTH AVE	SAN RAFAEL	CA	94901
DAHIR & MICKILINA DUDUM 1999 RVC	2601 37TH AVE	SAN FRANCISCO	CA	94116
DARE, ROBERT T & JANE Y	2001 WAWONA ST	SAN FRANCISCO	CA	94116
DATTANI KAUSHIK	3232 22ND ST	SAN FRANCISCO	CA	94110
DATTANI TEJ	3232 22ND ST	SAN FRANCISCO	CA	94110
DAUPHIN ELAINE	3112 ROLLING RD	CHEVY CHASE	MD	20815
DAVID & CHRISTIANE PARKER LVG TRUST	36 SOTELLO AVE	SAN FRANCISCO	CA	94116
DAVID & JULIA NELSON-GAL TRUST 19	890 MARSHALL DR.	PALO ALTO	CA	94303
DAVID J COYLE LIVING TRUST 2013	PO BOX 14204	SAN FRANCISCO	CA	941140204
DAVID JOSEPH RUSSO 2009 REVOC TR	2430 MARKET ST	SAN FRANCISCO	CA	94114
DAVID MICHAEL GALIE REVOCABLE TRUST	43505 TEXAS AVE	PALM DESERT	CA	92211
DAVID PROWLER 2004 TR	33 HARTFORD ST	SAN FRANCISCO	CA	94114
DAVID RAMIREZ TRUST	990 STANFORD AVE #223	BATON ROUGE	LA	70808
DAVID STEVEN AYERDI REVOC LIVING	197 COLLINGWOOD ST	SAN FRANCISCO	CA	94114
DAVID YORK 2007 REVOC TR	3981 -18TH ST	SAN FRANCISCO	CA	941142519
DAVIS VICTOR J & MANEL DON A	4028 18TH ST	SAN FRANCISCO	CA	94114
DBH SAN FRANCISCO LLC	5917 WEST ELOWIN DRIVE	VISALIA	CA	93291
DE GIER JAN	92 CASELLI AV	SAN FRANCISCO	CA	94114
DEACON PAUL	348 CASTRO ST	SAN FRANCISCO	CA	94114

DECASO JACQUES M TRUST	3929 17TH ST	SAN FRANCISCO	CA	94114
DECENA FAMILY TRUST	168 HANCOCK ST	SAN FRANCISCO	CA	94114
DEGUZMAN ENRICO B	146 HANCOCK ST	SAN FRANCISCO	CA	94114
DEKE JOHNSON REVOC TR	161 COLLINGWOOD ST	SAN FRANCISCO	CA	94114
DEL ROSARIO DOUGLAS DAVID	231-235 COLLINGWOOD ST	SAN FRANCISCO	CA	94114
DELEN FRANK M	59 EUREKA ST	SAN FRANCISCO	CA	94114
DELVENTHAL/MARTIN TRUST	236 COLLINGWOOD ST	SAN FRANCISCO	CA	94114
DENIS P CHICOLA LVG TR	41 STATES ST	SAN FRANCISCO	CA	94114
DENNISTON YANCEY FAMILY LVG TR 20	182 HARTFORD ST	SAN FRANCISCO	CA	94114
DESIMONE LEWIS JAMES	2425 MARKET ST APT 6	SAN FRANCISCO	CA	94114
DEVLIN JAMES J & DEBRA L	311 OHUA AVE #203C	HONOLULU	HI	96815
DEWALD KATHERINE M	61 FORD ST	SAN FRANCISCO	CA	94114
DIANE BIELEFELD LIVING TRUST	4031 19TH ST	SAN FRANCISCO	CA	94114
DIB YASSER MOUSTAPHA	450 NOE ST	SAN FRANCISCO	CA	94114
DICK STUART E	74 COLLINGWOOD ST	SAN FRANCISCO	CA	94114
DICK STUART ELLIOTT & SIEGER JOSEPH VICT	74 COLLINGWOOD ST	SAN FRANCISCO	CA	94114
DICK STUARTE	74 COLLINGWOOD ST	SAN FRANCISCO	CA	94114
DIEGNAN SARAH E	80 COLLINGWOOD ST #302	SAN FRANCISCO	CA	941141997
DIMAS BARBARA MOELLER	588 CASTRO ST	SAN FRANCISCO	CA	94114
DORAN, JAMES A & JOYCE TRUSTEES	155 COLLINGWOOD ST	SAN FRANCISCO	CA	94114
DORIS S LINNENBACH 1994 LVG TR	155 SAINT GERMAIN AVE	SAN FRANCISCO	CA	94114
DOTTERWEICH M G & M F	P.O. BOX 1667	BURLINGAME	CA	94010
DOUGLAS RAYNER LVG TR	74 DIAMOND ST	SAN FRANCISCO	CA	94114
DOWD GERALD K FAM LIV REV TR	P.O. BOX 117057	BURLINGAME	CA	940117057
DRAIN FAMILY TRUST	2425 MARKET ST #11	SAN FRANCISCO	CA	94114
DUDUM MICHAEL D	2601 37TH AVE	SAN FRANCISCO	CA	94116
DUGHMAN ANWAR & HEYAM A	604 STONEYFORD DR	DALY CITY	CA	94015
DUGHMAN EILEEN	34 BARNEGATE BAY	ALAMEDA	CA	94502
DUGHMAN FAMILY TRUST	34 BARNEGATE BAY	ALAMEDA	CA	94502
DUGHMAN ISAM & CYNTHIA I	604 STONEYFORD DR	DALY CITY	CA	94015
DUHON GRANT	3960A 18TH ST	SAN FRANCISCO	CA	94114
DULCE MARIA ARGUELLES LVG TRUST	5850 SW 52 TERRACE	MIAMI	FL	33155
DUNNING JOHN A	412 NOE ST #A	SAN FRANCISCO	CA	94114
DUSSUYER JOELLE	4328 18TH ST	SAN FRANCISCO	CA	941142427
EADIE WILLIAM AINSWORTH	75A COLLINGWOOD ST	SAN FRANCISCO	CA	94114
EAGAN JOHN MICHAEL	3942 17TH STREET, #A	SAN FRANCISCO	CA	94114
EARL-PALACIO CYNDIE A	4421 WINDSONG ST	SACRAMENTO	CA	95834
EARNEST DON ALAN & PAYNE STEVEN L	655 CASTRO ST	SAN FRANCISCO	CA	94114
EDGAR WALTER M	15 TURTLE ROCK COURT	TIBURON	CA	94920
EDMOND&CHRISTINA PRENDIVILLE REV TR	163 EUREKA ST	SAN FRANCISCO	CA	94114
EDWARD L LAMBERGER TRUST	47 FORD ST	SAN FRANCISCO	CA	94114
EDWARD LITKE REVOCABLE TRUST	260 DOLORES ST	SAN FRANCISCO	CA	94103
EDWARD LITKE REVOCABLE TRUST 1995	260 DOLORES ST	SAN FRANCISCO	CA	94103
EGS ASSOCIATES LLC	327 CASTRO ST	SAN FRANCISCO	CA	94114
EKER MADISON S	237 COLLINGWOOD ST	SAN FRANCISCO	CA	94114
ELIA & JANE KHOURY TR	1712 CHULA VISTA DR	BELMONT	CA	94002
ELIZABETH M LINK REVOC TRUST	3140 GEARY BLVD	SAN FRANCISCO	CA	94118
EMIL & CAROLINE ZOLLINGER TRUST	4356 20TH ST	SAN FRANCISCO	CA	94114
EMILIA 1 LLC	2201 SACRAMENTO STREET	SAN FRANCISCO	CA	94115
ENDRES DAVID J	143 COLLINGWOOD ST	SAN FRANCISCO	CA	94114
ENOCHS SARAH E	39 HARTFORD ST	SAN FRANCISCO	CA	94114
ERNEST C & BERNICE E AYALA REVOC	4402 20TH ST	SAN FRANCISCO	CA	94114
ESPINOSA ANTHONY	70 COLLINGWOOD ST	SAN FRANCISCO	CA	94114
ETHAN H & ELIZABETH E DIAMOND LVG TRUST	56 HARTFORD ST	SAN FRANCISCO	CA	941142014
ETZEL GEORGE G HARDSTONE ANTOI	1010 SCHOOL ST	SAN LEANDRO	CA	94577
ETZEL NORMAN P TRUSTEE	1010 SCHOOL ST	SAN LEANDRO	CA	94577
EUBANKS SUSAN LEE	1415 18TH AVE	SAN FRANCISCO	CA	94122
EUGENE J TEBBE LVG TR	75 COLLINGWOOD	SAN FRANCISCO	CA	94114
FAIETA BALDO & VANDEMOORTEAL AN	472 NOE ST	SAN FRANCISCO	CA	94114
FAMILY LINK	317 CASTRO ST	SAN FRANCISCO	CA	94114
FANG TON-YUN	4339 18TH ST	SAN FRANCISCO	CA	94114
FANG YUN	2425 MARKET ST #2	SAN FRANCISCO	CA	941144200
FAVOR DAVID	631 CASTRO ST	SAN FRANCISCO	CA	941142517
FITZPATRICK NEIL J & JUDITH A	3104 PTARMIGAM DR #2	WALNUT CREEK	CA	94595
FLEIG DAVID J & CYNTHIA J	4135 19TH ST	SAN FRANCISCO	CA	94114
FLORENCE GARCIA REVOC TRUST	116 HARTFORD ST	SAN FRANCISCO	CA	94114
FLORENCE GARCIA REVOCABLE TRUST	116 HARTFORD ST	SAN FRANCISCO	CA	94114
FLYNN REVOCABLE TR	54 SEAVIEW TR	SAN FRANCISCO	CA	94121
FOGLIA RICHARD J & BANKS DENNIS	354 CASTRO ST	SAN FRANCISCO	CA	94114
FOOSANER MICHELLE K	4046 26TH ST	SAN FRANCISCO	CA	94131
FORTEN JOHN SCOTT	242 HARTFORD ST	SAN FRANCISCO	CA	94114
FOSTER LARRY R	77A COLLINGWOOD	SAN FRANCISCO	CA	94114
FRW HOLDINGS LLC	3973B 17TH ST	SAN FRANCISCO	CA	94114
FRYE NEIL E	3921 17TH ST	SAN FRANCISCO	CA	94114
FRYMANN WILLIAM D & LAI SHARON W	4057 19TH ST	SAN FRANCISCO	CA	941142561
FUBINI ROSS	3776 20TH ST	SAN FRANCISCO	CA	94110
FUJIMORI TOSHIRO	633 CASTRO ST	SAN FRANCISCO	CA	94114
FUKUDA HIROSHI & JANICE	44 GOUGH ST #202	SAN FRANCISCO	CA	94103
FUKUDA KOICHI & MUTSUOKO FUKUDA	2166 MARKET ST	SAN FRANCISCO	CA	94114
FUKUDA MICHISUKE & ADELYN JANE	643-647 CASTRO ST	SAN FRANCISCO	CA	94114
FUKUDA REVOCABLE TRUST	44 GOUGH ST #202	SAN FRANCISCO	CA	94103
FUNG ROLAND S	69 COLLINGWOOD ST	SAN FRANCISCO	CA	94114
G A M E DEVELOPMENT LLC	1 PADDINGTON COURT	BELMONT	CA	94002
GABLER KYLE	163 COLLINGWOOD ST	SAN FRANCISCO	CA	94114
GALLAGHER KATHLEEN T	187 DOUGLASS ST	SAN FRANCISCO	CA	94114
GALLAGHER MAUREEN A	187 DOUGLASS ST	SAN FRANCISCO	CA	94114
GAMBOA VINCE A	584 CASTRO ST	SAN FRANCISCO	CA	94114
GARY M BEUSCHEL LIVING TRUST	45 HARTFORD ST	SAN FRANCISCO	CA	94114
GEORGE & PATRICIA ALBUSCHKAT BYPASS TR	4358 RICHARDSON DR	AUBURN	CA	95602
GEORGE A POON&MARIASING A LENO 06	575 ACACIA AVENUE	SAN BRUNO	CA	94066
GEORGE ANTONIO MAUMER RVC TR 2006	2201 SACRAMENTO ST PH3	SAN FRANCISCO	CA	94115
GEORGE FAMILY TRUST	512 CORONADO WAY	MODESTO	CA	95350
GEORGE JOHN WERHAN III LVG TR	75 COLLINGWOOD	SAN FRANCISCO	CA	94114
GHARABIKLOU MICHAEL	45 STATES ST	SAN FRANCISCO	CA	94114
GHILARDUCCI ENTERPRISES LLC	1665 MOLITOR RD	BELMONT	CA	94002
GIANNINI LIVING TRUST THE	786 ULLOA ST	SAN FRANCISCO	CA	94127
GLENN ROBERTS 2007 REVOC TR 11/28/07	3932 17TH ST	SAN FRANCISCO	CA	94114

GLENN WILLIAM C	150 HANCOCK ST	SAN FRANCISCO	CA	94114
GLESSON W NATHANIEL & GLESSON	4316 18TH ST	SAN FRANCISCO	CA	94114
GOEBEL KEVIN C	630 CASTRO ST	SAN FRANCISCO	CA	94114
GOLDFINE JARED D	63 FORD ST	SAN FRANCISCO	CA	94114
GOOD MATTHEW A	62 COLLINGWOOD ST	SAN FRANCISCO	CA	941141907
GORDON FAMILY LLC	1234 CASTRO ST	SAN FRANCISCO	CA	94114
GRACE NG 2010 SEPARATE PRPTY TR	674 CRANE AVE	FOSTER CITY	CA	94404
GRAHAME PERRY LVG TR	33 COLLINGWOOD ST	SAN FRANCISCO	CA	94114
GRAVES OLIVER M III	178 HANCOCK ST	SAN FRANCISCO	CA	94114
GRAVITCH MIGNON TRUSTEE	555 LAUREL AVE APT 612	SAN MATEO	CA	94401
GRAY MICHAEL JON	80 DIAMOND ST	SAN FRANCISCO	CA	94114
GREENBERG DIANA	72 COLLINGWOOD ST	SAN FRANCISCO	CA	94114
GREENBERG DIANA W	74 COLLINGWOOD ST	SAN FRANCISCO	CA	94114
GREGORY GALLAGHER 2004 TR	70 DIAMOND ST	SAN FRANCISCO	CA	941141932
GROS-BALTHAZARD ANDRE	36 DESILVA ISLAND DR	MILL VALLEY	CA	94941
GROS-BALTHAZARD JOANNA	36 DESILVA ISLAND DR	MILL VALLEY	CA	94941
GUNNER TRUST	142 HANCOCK ST	SAN FRANCISCO	CA	94114
HAIFA KHOURY TR	1712 CHULA VISTA DR	BELMONT	CA	94002
HAKIMI MAHSA	117 HARTFORD ST UNIT A	SAN FRANCISCO	CA	94114
HAMMER CARY BROWNING-HAMMER NA	20 HARTFORD ST	SAN FRANCISCO	CA	94114
HARRINGTON ELISABETH	129 COLLINGWOOD ST	SAN FRANCISCO	CA	94114
HARRIS-SAYLES SHIFRA	173 HARTFORD ST	SAN FRANCISCO	CA	94114
HARRIS SCOTT A	173 HARTFORD ST	SAN FRANCISCO	CA	94114
HART CLAIRE T & RONALD B	148 DIAMOND ST	SAN FRANCISCO	CA	94114
HARTFORD STREET ZEN CENTER CAS	57 HARTFORD ST	SAN FRANCISCO	CA	94114
HASKOVEC DANIEL&LYNCH JENNIFER C	254 HARTFORD STREET	SAN FRANCISCO	CA	941142526
HASTINGS-DE JONG LIVING TRUST	61 HARTFORD ST	SAN FRANCISCO	CA	94114
HAWKINS SHONA B & NICHOLAS	160 HARTFORD ST	SAN FRANCISCO	CA	94114
HEAD CURTIS L JR	49 HARTFORD ST	SAN FRANCISCO	CA	94114
HEBEL MICHAEL S	1555 FRANCISCO ST	SAN FRANCISCO	CA	94123
HEBEL MICHAEL S	800 BRYANT ST	SAN FRANCISCO	CA	94103
HEFFERLIN KAY E	2331 BRYANT ST	SAN FRANCISCO	CA	94110
HETRICK LARRY KENNETH JR	PO BOX 14880	SAN FRANCISCO	CA	94114
HILL GUY	635A CASTRO ST	SAN FRANCISCO	CA	94114
HISASHI NUMATA REVOC LIV TR	10 LAGOON RD	BELVEDERE	CA	94920
HITCHCOCK FAMILY TRUST	408 30TH ST	SAN FRANCISCO	CA	94131
HOAG JOHN J	50 COLLINGWOOD ST	SAN FRANCISCO	CA	94114
HOAG JOHN J	52 COLLINGWOOD ST	SAN FRANCISCO	CA	94114
HOLLINGS CRISPIN	73 B COLLINGWOOD ST	SAN FRANCISCO	CA	94114
HOLLOWAY JAMES C	584 CASTRO ST #448	SAN FRANCISCO	CA	94114
HOLLY ELIZABETH A	147 HARTFORD ST	SAN FRANCISCO	CA	94114
HOM PATRICIA LEE	1415 18TH AVE	SAN FRANCISCO	CA	94122
HOME JAMES & KRISTIE DAHLIA	254 HARTFORD STREET	SAN FRANCISCO	CA	941142526
HOMSANY NADIM	501 NOE ST #202	SAN FRANCISCO	CA	94114
HONG KENT W	623 CASTRO ST	SAN FRANCISCO	CA	94114
HONG KENT W	623 CASTRO STREET	SAN FRANCISCO	CA	94114
HOOD ROBERT C LIVING TRUST	75 HARTFORD ST	SAN FRANCISCO	CA	94114
HOTCHKISS-GROGAN MICHELLE M & KIRK A	53 DIAMOND ST	SAN FRANCISCO	CA	94114
HOTCHKISS-GROGAN MICHELLE M & GROGAN KIRK	2 MC CART CT	TIBURON	CA	94920
HOUSE FAMILY REVOCABLE TRUST	12 CYPRESS AVE	KENTFIELD	CA	94904
HOWDEN JONATHAN R & MOORE LINDA M	10 MERCED AVE	SAN FRANCISCO	CA	94127
HOYEM JUDITH L TRUST	4042 17TH ST	SAN FRANCISCO	CA	94114
HSU ARTHUR C S & HSU GLENDY M	2371 32ND AVE	SAN FRANCISCO	CA	94116
HSU JOSEPH & SUSAN	2371 32ND AVE	SAN FRANCISCO	CA	94116
HUDSON & TERRY LANIER 2003 TRUST	4343 CESAR CHAVEZ ST	SAN FRANCISCO	CA	94131
HUDSON PAUL	44 COLLINGWOOD ST	SAN FRANCISCO	CA	94114
HUFNAGEL JOHN FORD	178 HANCOCK ST	SAN FRANCISCO	CA	94114
HUGHES EDWARD G	4014 18TH ST	SAN FRANCISCO	CA	94114
HULL JESSE	533-NOE ST	SAN FRANCISCO	CA	94114
HUNTER SUSANNE	7649 OAKMONT DR	SANTA ROSA	CA	95409
HUTACHINDA REVOCABLE TRUST	1257 ULLOA ST	SAN FRANCISCO	CA	94116
HUTACHINDA REVOCABLE TRUST	1257 ULLOA ST	SAN FRANCISCO	CA	94116
HYNES NOELLE	3974 18TH ST	SAN FRANCISCO	CA	941142520
IHMAM JAMIE L	657 CASTRO ST	SAN FRANCISCO	CA	94114
INFANTO MARY	3959 18TH ST	SAN FRANCISCO	CA	94114
INGRAM CHRISTOPHER B & PAULA D	3934 18TH ST	SAN FRANCISCO	CA	94114
INMAN MARY G	657 CASTRO ST	SAN FRANCISCO	CA	94114
IVAN D & KARLA P ZEITZ 2007 REVOC	4076 19TH ST	SAN FRANCISCO	CA	94114
J & V SAN FRANCISCO LLC	5917 WEST ELOWIN DRIVE	SAN FRANCISCO	CA	94114
JACKIE & WINNIE HO FAMILY TRUST	383 EDNA LANE	VISALIA	CA	93291
JACKSON JOESPH	4002 18TH ST	PACIFICA	CA	94044
JACKSON JOSEPH A	4004 18TH ST	SAN FRANCISCO	CA	94114
JAMES & VICTORIA SHEGOIAN 2006 FM	735 21ST AVE	SAN FRANCISCO	CA	941142502
JAMES BRIAN CARROLL LVG TRUST	216 HARTFORD ST	SAN FRANCISCO	CA	94121
JAMES C & SIMONE WHITTEMORE TRUST	3936 17TH ST	SAN FRANCISCO	CA	94114
JAMES LESZCZENSKI RVC TRUST	340 S LEMON AVE #5309	WALNUT	CA	94114
JAMES M & NANNETTE C OCONNOR FMLY	10613 E MINNESOTA AVE	SUN LAKES	AZ	91789
JAMES ROBERT OGDEN LVG TR	68 COLLINGWOOD ST	SAN FRANCISCO	CA	85248
JAMES T LAMORTICELLI 2004 TRUST	70 DIAMOND ST	SAN FRANCISCO	CA	94114
JAMESON-SHADE FAMILY TRUST	30 FORD ST	SAN FRANCISCO	CA	941141932
JANNIE T WU LIVING TRUST	674 CRANE AVE	FOSTER CITY	CA	94114
JCH SAN FRANCISCO LLC	5917 WEST ELOWIN DRIVE	VISALIA	CA	94404
JEAN M RISEMAN 1985 TRUST	83 EUREKA ST	SAN FRANCISCO	CA	93291
JEAN W SETO LIVING TRUST	580 GRAND AVE #208	SAN FRANCISCO	CA	94114
JEE FAMILY TRUST	1761 STOCKTON ST	OAKLAND	CA	94610
JEFFERY CHEER TRUST	77 EUREKA ST	SAN FRANCISCO	CA	94133
JEFFREY BROOKS MEADOR 2009 REVOC TR	279 RIVERA DR	SAN FRANCISCO	CA	941141931
JEFFREY J YEE 2005 REVOC TR	73 DIAMOND ST	SAN RAFAEL	CA	94901
JEFFREY S ZIMMAN REVOC TR	43 HARTFORD ST	SAN FRANCISCO	CA	94114
JEFFREY SUNSHINE LIVING TRUST	83 EUREKA ST	SAN FRANCISCO	CA	94114
JELMERT ANDREW E	2464 MICHELTORRENA ST	LOS ANGELES	CA	90039
JENKINS JEFFREY MARK	3967 18TH ST # 4	SAN FRANCISCO	CA	94114
JENKINS MARK J	3967 18TH STREET	SAN FRANCISCO	CA	94115
JEROME DAVID L	4328 18TH ST	SAN FRANCISCO	CA	941142427
JFL3 LLC	2390 RIDGE FIELD TRAIL	RENO	NV	89523
JIANG DAISY C	662 CASTRO STREET	SAN FRANCISCO	CA	94114
JOACHIM MARYON E SURVIVING TRUSTEE	1868 VASSAR AVE	MOUNTAIN VIEW	CA	94043

JOANN KELLEHER TRUST	115 EUREKA ST	SAN FRANCISCO	CA	94114
JOE D HERNANDO	19 HARTFORD ST	SAN FRANCISCO	CA	941142013
JOHN D MORIARTY 2012 REVOC LVG TR	120 FOREST SIDE AVE	SAN FRANCISCO	CA	94127
JOHN S KRUSE LIVING TRUST	45 HARTFORD ST	SAN FRANCISCO	CA	94114
JOHN THOMAS LATHAM REVOC LVG TR	P.O. BOX 14345	SAN FRANCISCO	CA	94114
JOHN W MILLER LVG TRST	2425 MARKET ST #9	SAN FRANCISCO	CA	94114
JOHN WASIELEWSKI 1999 REVOC TRUST	24 HARTFORD ST	SAN FRANCISCO	CA	94114
JOHNSON DARRELL SCOTT	4521 19TH ST	SAN FRANCISCO	CA	94114
JOHNSON LINDA & CHRISTOPHER	4070 19TH ST#1	SAN FRANCISCO	CA	94114
JOHNSTON JESSICA S	3947 17TH ST	SAN FRANCISCO	CA	941142009
JOLIVETTE CHARLES A	3920 17TH ST	SAN FRANCISCO	CA	941142010
JONATHAN F ZIMMAN REVOC TR 11/28/07	3932 17TH ST	SAN FRANCISCO	CA	94114
JONES ANGELA D	39 - 43 COLLINGWOOD ST	SAN FRANCISCO	CA	941141906
JONES ANGELA D	41 COLLINGWOOD ST	SAN FRANCISCO	CA	94114
JOSEPH L CHAVEZ REVOC TR	121 ALPINE TER	SAN FRANCISCO	CA	94117
JOSEPH L CHAVEZ REVOC TR DATED 10/28/201	121 ALPINE TER	SAN FRANCISCO	CA	94117
JOSEPH L CHAVEZ REVOCABLE TR 10/28/11	121 ALPINE TER	SAN FRANCISCO	CA	94117
JOSEPH TAN KAU THAM 2008 GRANTOR TRUST	2910 ANZA ST #3	SAN FRANCISCO	CA	94121
JOSEPH V SIEGER LVG TRST	2425 MARKET ST #9	SAN FRANCISCO	CA	94114
JOY BEVERLY ROTHSCHILD REVOC TR	555 LAUREL AVE APT 612	SAN MATEO	CA	94401
JUDITH L PAUL FMLY TR	25495 JOHN STEINBECK TRAIL	SALINAS	CA	93908
JUGUET HELENE P	532-534 NOE ST	SAN FRANCISCO	CA	941142528
JULIEN JULIE V	50 COLLINGWOOD ST	SAN FRANCISCO	CA	94114
JULIEN JULIE VANESSA	50 COLLINGWOOD ST	SAN FRANCISCO	CA	94114
JUNG LILY L	4231A 18TH ST	SAN FRANCISCO	CA	94114
KADISON JOSHUA	539 - 541 NOE ST	SAN FRANCISCO	CA	941142527
KADRI HY-YUN	3830 NAUGHTON AVE	BELMONT	CA	94002
KAISER LEO M	142 HARTFORD ST	SAN FRANCISCO	CA	94114
KAISER PETER N	2 MC CART CT	TIBURON	CA	94920
KANSAPON PARADOM	153 HARTFORD ST	SAN FRANCISCO	CA	94114
KARABIN THOMAS A	19 BELGRAVE AVE	SAN FRANCISCO	CA	94117
KAREN G DEUTSCH TRUST 1995	9145 E KENYON AVE STE 200	DENVER	CO	80237
KARL HEINZ R BOTHE REVOC LVG TR	P.O. BOX 1856	KAPAA	HI	96746
KARSSEBOOM JACQUELINE C	52 HARTFORD ST	SAN FRANCISCO	CA	94114
KATE MOREY REVOC TR	485 NOE ST	SAN FRANCISCO	CA	94114
KAWAHARA NANCY LEE	1415 18TH AVE	SAN FRANCISCO	CA	94122
KEITH Q NAVARRO LIVING TRUST	2425 MARKET ST #3	SAN FRANCISCO	CA	94114
KELISKY FAMILY TRUST	70 SAN ANDREAS WY	SAN FRANCISCO	CA	94127
KELLY ERWIN TRUSTEE	4008 18TH ST	SAN FRANCISCO	CA	94114
KELLY JOANN	2627 14TH AVE	SAN FRANCISCO	CA	94127
KENNA WILLIAM J JR	4320 18TH ST	SAN FRANCISCO	CA	94114
KENNETH R SHIMMON REVOC TR	260 ROOSEVELT WAY	SAN FRANCISCO	CA	94114
KERR DARELL	609 CASTRO ST	SAN FRANCISCO	CA	941142549
KHACHIGIAN ELIZABETH MICHELE	141 SAN ALESSO AVE	SAN FRANCISCO	CA	94127
KHAN AZHAR HASHMAT	3100 WOODSIDE RD	WOODSIDE	CA	94068
KHAN ZAINAB ZAHEER	174 HARTFORD ST	SAN FRANCISCO	CA	94114
KHOURY JANE & ELIA	1351 CRESTVIEW DR	SAN CARLOS	CA	94070
KIELY MICHAEL B	2 SANTA MONICA WAY	SAN FRANCISCO	CA	94127
KIHAGI ANNE	PO BOX 691889	LOS ANGELES	CA	90069
KILCREASE JON W	242 HARTFORD ST	SAN FRANCISCO	CA	94114
KIM HYUN SOO & HUI SOOK	575 BAYVIEW AVE	MILLBRAE	CA	94030
KIRK C HINMAN LIVING TRUST	58 COLLINGWOOD ST	SAN FRANCISCO	CA	941141907
KIRKE P & ANNE L WILSON REVOC TR	172 HANCOCK ST	SAN FRANCISCO	CA	94114
KIRWAN JOHN T & MASOUDI BEIGHIS	117 HARTFORD ST #A	SAN FRANCISCO	CA	94114
KISHIBE MARGARET	244-246 HARTFORD ST	SAN FRANCISCO	CA	94114
KITCHEN JOHN&SOLODOKHA LEO	4065 19TH ST	SAN FRANCISCO	CA	94114
KLEIN HENRY	1454 9TH AVE	SAN FRANCISCO	CA	94122
KLETTER EVAN	1111 MARKET ST 4TH FL	SAN FRANCISCO	CA	94103
KLETTER JASON	1111 MARKET ST 4TH FL	SAN FRANCISCO	CA	94103
KLETTER MICHELLE	1111 MARKET ST 4TH FL	SAN FRANCISCO	CA	94103
KMAN NORMAN & SHARON TRUSTEES	4008 18TH ST	SAN FRANCISCO	CA	94114
KNOX CORY ANDER	241A COLLINGWOOD ST	SAN FRANCISCO	CA	941142419
KNUTSON SARAH F	636 CASTRO ST	SAN FRANCISCO	CA	94114
KOEHLER JAN	453 NOE STREET	SAN FRANCISCO	CA	94114
KOELKER KAREN	670 COLUSA AVE	BERKELEY	CA	94707
KOLOUCH FOWLER FAMILY LIV TR	77 FORD ST	SAN FRANCISCO	CA	94114
KOMOROSKE JOHN ALEXANDER	501 NOE ST #101	SAN FRANCISCO	CA	94114
KOPELL MALKA R	150 HANCOCK ST	SAN FRANCISCO	CA	94114
KOZUP CHRISTOPHER C	53-55 DIAMOND ST	SAN FRANCISCO	CA	94114
KOZUP CHRISTOPHER C	55 DIAMOND ST	SAN FRANCISCO	CA	94114
KRAMER BENJAMIN H & OTIS HECTOR M	44 DIAMOND ST	SAN FRANCISCO	CA	94114
KUAN KIAN HUAT	238 HARTFORD ST	SAN FRANCISCO	CA	94114
KUCERA JASON	338 GRAND AVE	REDWOOD CITY	CA	94062
KUNG, PETER	P.O. BOX 591856	SAN FRANCISCO	CA	94159
KUO STEPHEN	346 CASTRO ST	SAN FRANCISCO	CA	94114
KURZWEIL ETHAN & REBECCA	4033 19TH ST	SAN FRANCISCO	CA	94114
LAM JIMMY K	383 EDNA LANE	PACIFICA	CA	94044
LAMACCHIA DAVID MICHAEL	169 COLLINGWOOD ST #2	SAN FRANCISCO	CA	94114
LANG CLAIRE T	148 DIAMOND ST	SAN FRANCISCO	CA	94114
LANYADOO NISSIM	1100 MAR WEST ST #F	TIBURON	CA	94920
LAPUZ MICHELLE C	59 EUREKA ST	SAN FRANCISCO	CA	94114
LARRY STEBBINS REVOC LIV TR	555 CASTRO ST	SAN FRANCISCO	CA	94114
LARSON WILLIAM G	7649 OAKMONT DR	SANTA ROSA	CA	95409
LARSON WILLIAM G	P.O. BOX 683	RIO VISTA	CA	94571
LAU-CHOI FAMILY TR	4231A 18TH ST	SAN FRANCISCO	CA	94114
LAU ALAN & LELAND	95 DUNCAN ST	SAN FRANCISCO	CA	94110
LAU ANA ROSA	152 HARTFORD ST	SAN FRANCISCO	CA	94114
LAU ANA ROSA	152 HARTFORD ST	SAN FRANCISCO	CA	94124
LAU HOWARD	4231A 18TH ST	SAN FRANCISCO	CA	94114
LAU SONIA CHUY	152 HARTFORD ST	SAN FRANCISCO	CA	94114
LAU STEPHEN CHUY	152 HARTFORD ST	SAN FRANCISCO	CA	94114
LAU STEPHEN CHUY	152 HARTFORD ST	SAN FRANCISCO	CA	94124
LAU WAYMAN	4231A 18TH ST	SAN FRANCISCO	CA	94114
LAU YUK SEE & CHU YUEN NG	3966 18TH ST	SAN FRANCISCO	CA	94114
LAU YUK SEE & CHU YUEN NG	589 CASTRO ST	SAN FRANCISCO	CA	94114
LAU YUK SEE & NG CHU YUEN	589 CASTRO ST	SAN FRANCISCO	CA	94114
LAU/CHOI FAMILY TR	4231 A 18TH ST	SAN FRANCISCO	CA	94114

LAUREANO FORREST P REVOCABLE TRUST	72 DIAMOND STREET	SAN FRANCISCO	CA	94114
LEARY PATRICK	236 HARTFORD ST	SAN FRANCISCO	CA	94114
LEBEDEFF CHARLES	57 EUREKA ST	SAN FRANCISCO	CA	94114
LEE JUDY & JOHN P	27 HARTFORD ST	SAN FRANCISCO	CA	94114
LEE LARRY D & PANSY L	1444 PLYMOUTH AVE	SAN FRANCISCO	CA	94112
LEE SHIRLEY	P.O. BOX 14374	SAN FRANCISCO	CA	94114
LEE TING LIK	77A COLLINGWOOD	SAN FRANCISCO	CA	94114
LEE YUEN GOON SUCC TRUSTEE	1571 27TH AVE	SAN FRANCISCO	CA	94122
LEI SI MAN	4316 18TH ST	SAN FRANCISCO	CA	94114
LERRIGO WILLIAM C	439 NOE ST	SAN FRANCISCO	CA	94114
LESLIE A NATALI REVOC TR	4121 18TH ST	SAN FRANCISCO	CA	94114
LESLIE A NATALI REVOC TRUST	4121 18TH ST	SAN FRANCISCO	CA	94114
LEVENDER YOUTH RECREATION & IN	125 COLLINGWOOD ST	SAN FRANCISCO	CA	94114
LEWIS KEVIN H	76 DIAMOND ST	SAN FRANCISCO	CA	94114
LEWIS MICHAEL & MEEWELLA DILSHANI	161B HARTFORD ST	SAN FRANCISCO	CA	94114
LIM MELVYN	P O BOX 244	BRISBANE	CA	94005
LINDBERG ERIC A	164A DIAMOND ST	SAN FRANCISCO	CA	94114
LINK LIVING TRUST	222 MAYWOOD DR	SAN FRANCISCO	CA	94127
LINK ROBERT D REVOCABLE TRUST	3140 GEARY BLVD	SAN FRANCISCO	CA	94118
LIPSCHUTZ MARC A	4062 19TH ST	SAN FRANCISCO	CA	94114
LITKE EDWARD REV TR OF 95	260 DOLORES ST	SAN FRANCISCO	CA	94103
LMP 2012 IRREVOCABLE TRUST	4516 20TH ST	SAN FRANCISCO	CA	94114
LOCKE MICHAEL J	3410 AMESBURY ROAD	LOS ANGELES	CA	90027
LOREL K HIRAMOTO REVOCABLE TRUST	127 EUREKA STREET	SAN FRANCISCO	CA	94114
LOUIS J CUBBA & PAUL M PENICK III TRUST	40 DIAMOND ST	SAN FRANCISCO	CA	94114
LUCAS & GENEVIEVE DANG REVOC TR 1	571 AMBER ISLE	ALAMEDA	CA	94501
LUKE LUNG & NANCY KO CHAN REVOC TR 1992	1674 14TH AVE	SAN FRANCISCO	CA	94122
LYONS ANDREW J	3967 18TH ST #1	SAN FRANCISCO	CA	94114
M-J SF INVESTMENTS LLC	2501 MISSION ST	SAN FRANCISCO	CA	94110
M RICHARD WIGEN & FREDERICK R LICHTY TR	37 FORD ST	SAN FRANCISCO	CA	94114
M45 REVOCABLE TRUST	182 HOWARD ST #426	SAN FRANCISCO	CA	94105
MACAULEY MELINDA	157 COLLINGWOOD ST	SAN FRANCISCO	CA	94114
MADSEN LIVING TRUST 1985	P.O. BOX 1795	DISCOVERY BAY	CA	94514
MAGNANI THOMAS A	514 NOE ST	SAN FRANCISCO	CA	94114
MAGNUS JABARI	1600 15TH STREET APT 623	SAN FRANCISCO	CA	94103
MAK CHRIS & TAM RENEE	1718 16TH AVE	SAN FRANCISCO	CA	94122
MAK JESAMINE	1718 16TH AVE	SAN FRANCISCO	CA	94122
MANCINI CHRISTOPHER M	629 CASTRO ST	SAN FRANCISCO	CA	941142517
MANLY E STALEY TRUST	261 COLLINGWOOD ST	SAN FRANCISCO	CA	94114
MANNING MIMI M	51 FORD ST	SAN FRANCISCO	CA	94114
MARC WEEKS LVG TR	43 COLLINGWOOD ST	SAN FRANCISCO	CA	94114
MARCILLAC ROBERT J	434 NOE ST	SAN FRANCISCO	CA	94114
MARGARET F UNRUH 2003 REVOC TR	432 NOE ST	SAN FRANCISCO	CA	941142016
MARIA D TORRES REVOC LVG TR	811 HERON DRIVE	SUISUN CITY	CA	94585
MARK C RAGGIO TRUST	244 NORTH BOWLING GREEN WY	LOS ANGELES	CA	90049
MARK N CULBERT LVG TR	538 NOE ST	SAN FRANCISCO	CA	94114
MARK WAYNE PERKINS LVG TR	153 HARTFORD ST	SAN FRANCISCO	CA	94114
MARTI OONA L	80 COLLINGWOOD ST #302	SAN FRANCISCO	CA	941141997
MARTINEZ-LUCATERO CUAUHEMOC R	215 COLLINGWOOD ST	SAN FRANCISCO	CA	94114
MARTINEZ HECTOR	51 STATES ST #A	SAN FRANCISCO	CA	94114
MARTINEZ NOEL & MAYRA	4230 - 4234 18TH ST	SAN FRANCISCO	CA	94114
MACAFFEE DENNIS HAROLD	145 HARTFORD ST	SAN FRANCISCO	CA	94114
MCCALL MARION G	75A COLLINGWOOD ST	SAN FRANCISCO	CA	94114
MCCARTER KIRSTIE L	29 HARTFORD ST	SAN FRANCISCO	CA	941141901
MCCLURE WENDY D	161A HARTFORD ST	SAN FRANCISCO	CA	94114
MCCUMBER ASHLEY C & DAVINI CRAIG	36 COLLINGWOOD ST	SAN FRANCISCO	CA	94114
MCGLONE JENNIFER R	35 HARTFORD STREET	SAN FRANCISCO	CA	941141907
MCLACHLAN ALAN W	72 HARTFORD ST	SAN FRANCISCO	CA	94114
MCLAREN RUSSELL D	15 HARTFORD ST	SAN FRANCISCO	CA	941142014
MCNIFF KEVIN L	241C COLLINGWOOD ST	SAN FRANCISCO	CA	94114
MCSWEENEY GREGORY & TERMINI DI	37 HARTFORD ST	SAN FRANCISCO	CA	94114
MEGUEDDEM CATHERINE	1109 NIMITZ LANE	FOSTER CITY	CA	94404
MERK MICHAEL P	173-A HARTFORD ST	SAN FRANCISCO	CA	94114
MERRILL RICHARD B	2425 MARKET ST #5	SAN FRANCISCO	CA	94114
MERZENICH KAREN	3776 20TH ST	SAN FRANCISCO	CA	94110
MEYERS BEVERLEY R	67 DIAMOND ST	SAN FRANCISCO	CA	94114
MICHAEL & DONNA HU HONG REVOC TR	52 DIAMOND ST	SAN FRANCISCO	CA	94114
MICHAEL D DUDUM 1999 IRREVOC TR	2601 37TH AVE	SAN FRANCISCO	CA	94116
MICHAEL GLENN VERDONE TRUST	149 WELLESLEY CRESCENT	REDWOOD CITY	CA	94062
MICHAEL LOUIS BLEND REVOC TR	147 GEORGINA AVE	SANTA MONICA	CA	90402
MICHALOPOULOS CHARLES & STORTO LA	4020 18TH ST	SAN FRANCISCO	CA	94114
MICHALSKI MARITAL TRUST 1990	528 45TH AVE	SAN FRANCISCO	CA	94121
MILAN ROBERT A	73 COLLINGWOOD STREET	SAN FRANCISCO	CA	94114
MILLAIRE PASCAL	474 NOE ST	SAN FRANCISCO	CA	94114
MIZNER SUSAN P	617 CASTRO ST	SAN FRANCISCO	CA	94114
ML & BR TRUST	4016 18TH ST	SAN FRANCISCO	CA	94114
MONSIGNOR LYNE LP	1360 MISSION ST #300	SAN FRANCISCO	CA	94103
MONTGOMERY DANIEL	4435 17TH STREET	SAN FRANCISCO	CA	94114
MONTGOMERY JOHN R JR	3915 17TH ST	SAN FRANCISCO	CA	94114
MONTIJO CLAUDIA	3030 CARSON ST	REDWOOD CITY	CA	94061
MOORE JAMES K	3960A 18TH ST	SAN FRANCISCO	CA	94114
MOORE MARY SUSAN	240A HARTFORD ST	SAN FRANCISCO	CA	94114
MORIARTY DANIEL J & ELAINE M TRUSTEES	120 FOREST SIDE AVE	SAN FRANCISCO	CA	94127
MORIARTY JOHN D	120 FOREST SIDE AVE	SAN FRANCISCO	CA	94127
MOSHER MARK	119 COLLINGWOOD ST	SAN FRANCISCO	CA	94114
MUETZEL KIRSTEN	245A COLLINGWOOD ST	SAN FRANCISCO	CA	941142419
MULFORD IRREVOCABLE TRUST	123 HARTFORD ST	SAN FRANCISCO	CA	94114
MULLINS EDWARD J & LINDA L	5 MULLINS COURT	MILLBRAE	CA	94030
MURRAY A GORDON	4216 18TH ST	SAN FRANCISCO	CA	94114
MURRELL KATHRYN L	51 STATES ST #B	SAN FRANCISCO	CA	94114
NACHBAUR ABRAHAM W	4060 19TH ST	SAN FRANCISCO	CA	941142562
NACHBAUR MORIAH K	4060 19TH ST	SAN FRANCISCO	CA	941142562
NAKHIMOVSKY YELENA & COPE CLINTON D	42 COLLINGWOOD ST	SAN FRANCISCO	CA	941141907
NANCY J KOCH LVG TR	507 VALLEY ST	SAN FRANCISCO	CA	94131
NANCY JANE PETROVIC 2004 REVOC TR	4075 17TH ST	SAN FRANCISCO	CA	94114
NATALI INC	4121 18TH ST	SAN FRANCISCO	CA	94114
NAZ AUTO SERVICES INC	471 JOOST AVE	SAN FRANCISCO	CA	94127

NELSON-GAL DAVID & JULIA TRUST	142 DIAMOND ST	SAN FRANCISCO	CA	94114
NEW CALIFORNIA LAND CO	2214 GREENWICH ST	SAN FRANCISCO	CA	94123
NEY MICHELLE	453 NOE STREET	SAN FRANCISCO	CA	94114
NEY MICHELLE	67 FORD ST	SAN FRANCISCO	CA	94114
NG DEAN C K	3966 18TH ST	SAN FRANCISCO	CA	94114
NG RITA L	674 CRANE AVE	FOSTER CITY	CA	94404
NISSIM LANYADOO REVOC TR 1999	1100 MAR WEST ST #F	TIBURON	CA	94920
NOLAN FRANK A	160 HANCOCK ST UNIT 1	SAN FRANCISCO	CA	94114
NORCINI JOYCE & STEVENSON SUSA	3938 18TH ST	SAN FRANCISCO	CA	94114
NORDEEN RORY JOHN	3565-A 17TH ST	SAN FRANCISCO	CA	94110
NORMA AYOUB TRUST	338 GRAND AVE	REDWOOD CITY	CA	94062
NORMA AYOUB TRUST	338 GRAND ST	REDWOOD CITY	CA	94062
NUNNEMAKER STEPHEN N	143 COLLINGWOOD ST	SAN FRANCISCO	CA	94114
O'GORMAN CEDRIC	352 CASTRO ST	SAN FRANCISCO	CA	94114
OBERTI MARILYN L TRUSTEE	30 WARM CANYON WAY	HILLSBOROUGH	CA	94010
O'CONNOR-HANNON REGINA	533 NOE ST	SAN FRANCISCO	CA	94114
OLCESE SUSANA	422 NOE ST	SAN FRANCISCO	CA	94114
OLCESE SUSANA	586A CASTRO ST	SAN FRANCISCO	CA	94114
OLIVA FORTUNATA L THOMPSON VIR	60 SINGINGWOOD LN	ORINDA	CA	94563
OLIVA LUIS H	634 CASTRO ST	SAN FRANCISCO	CA	94114
OLIVER JOANNE	3922 - 3928 17TH ST	SAN FRANCISCO	CA	94114
ONEIL DAVID E TRUSTEE	4066 19TH ST	SAN FRANCISCO	CA	94114
ORDONA TRINITY A THOMPSON DESI	3950 18TH ST	SAN FRANCISCO	CA	94114
ORLOFF SASHA P & JENNIFER V	4033 18TH ST	SAN FRANCISCO	CA	94114
ORSINE CHRISTOPHER	514 NOE ST	SAN FRANCISCO	CA	94114
PAHLAVAN DARYUSH C & AFSANEH S	528 NOE ST	SAN FRANCISCO	CA	94114
PALACIO VAN J	4421 WINDSONG ST	SACRAMENTO	CA	95834
PALMER GUY & LINDA	70 - 74 HARTFORD ST	SAN FRANCISCO	CA	94114
PALOMBIT ANTHONY J	27 STATES ST	SAN FRANCISCO	CA	94114
PAO-TEH PROPERTY INC	4444 GEARY BLVD #105	SAN FRANCISCO	CA	941183048
PARATORE FRANCIS J	2450 MARKET ST	SAN FRANCISCO	CA	94114
PARKER STEVEN D	4108 19TH ST	SAN FRANCISCO	CA	94114
PARKER, STEVEN D	4108 19TH ST	SAN FRANCISCO	CA	94114
PARN MATTHEW	40 HARTFORD ST	SAN FRANCISCO	CA	941142014
PARR JOHN H	58 LIBERTY ST #7	SAN FRANCISCO	CA	94110
PARR PHILIP C	3987 - 3989 17TH ST	SAN FRANCISCO	CA	941142029
PASCALE ALESSANDRO	65 COLLINGWOOD ST #1	SAN FRANCISCO	CA	94114
PATHARE RAHUL	3976 18TH ST	SAN FRANCISCO	CA	94114
PATRICK V BARBER REVOC TRUST	3068 WASHINGTON ST	SAN FRANCISCO	CA	94115
PAUL CONNOLLY 2011 REVOC TR	174A HARTFORD ST	SAN FRANCISCO	CA	94114
PAULETTE ANDRE WALLACE	80 COLLINGWOOD ST #401	SAN FRANCISCO	CA	94114
PERFETTI JAMES M	584 CASTRO ST	SAN FRANCISCO	CA	94114
PERSIKO CRAIG A & BENJAMIN GEOFFREY I	621 CASTRO ST	SAN FRANCISCO	CA	94114
PETER BERMAN LVG TR	518 NOE ST	SAN FRANCISCO	CA	94114
PETER CASTRO TRUST	3348 FOLSOM ST	SAN FRANCISCO	CA	94110
PETER CIRINCIONE LVG TR	261 DIAMOND ST	SAN FRANCISCO	CA	94114
PETERSEN STUART J & BERNARDINI	117 HARTFORD ST APT 2	SAN FRANCISCO	CA	94114
PFYL MICHAEL M	245 COLLINGWOOD ST	SAN FRANCISCO	CA	94114
PHAM GIAP HOANG	4052 18TH ST	SAN FRANCISCO	CA	94114
PHAN THANH K	1343 21ST AVE	SAN FRANCISCO	CA	94122
PHILIP NICK	622A CASTRO ST	SAN FRANCISCO	CA	941142518
PHUONG SEAM PHAP	19 BELGRAVE AVE	SAN FRANCISCO	CA	94117
PHYLLIS SCHROBSDORFF LIVING TRUST	727 SIR FRANCIS DRAKE BLVD	KENTFIELD	CA	94904
PHYLLIS SCHROBSDORFF LVG TRUST	211 GOUGH ST #206	SAN FRANCISCO	CA	94102
PIAR MICHAEL	32 FORD ST	SAN FRANCISCO	CA	94114
PITALO D MICHAEL	609 CASTRO ST #B	SAN FRANCISCO	CA	941142549
PITTMAN MICHAEL	3976 18TH ST	SAN FRANCISCO	CA	94114
PLANDER JOHN	25 HARTFORD ST	SAN FRANCISCO	CA	94114
PLOCHER JEFFREY	36-38 COLLINGWOOD ST	SAN FRANCISCO	CA	94114
POLYGON FAMILY TRUST	272 COLLINGWOOD ST	SAN FRANCISCO	CA	94114
PORZAK RONALD H REVOCABLE TR	65 COLLINGWOOD ST	SAN FRANCISCO	CA	94114
PREUGPAIBUL SIRIPONG	44 COLLINGWOOD ST	SAN FRANCISCO	CA	94114
PROVOST MARK	148 HANCOCK ST	SAN FRANCISCO	CA	941142531
PROZAN REBECCA J	662 CASTRO STREET	SAN FRANCISCO	CA	94114
QUEVEDO FAMILY TRUST OF 1996	237 HARTFORD ST	SAN FRANCISCO	CA	94114
R C ARCHBISHOP OF S F	1301 POST ST #102	SAN FRANCISCO	CA	94109
RAGO TERESA J	127 EUREKA STREET	SAN FRANCISCO	CA	94114
RAKOS EFFIE	320 COLON AVE	SAN FRANCISCO	CA	94127
RAMKALAWAN DIVALL	1600 15TH STREET APT 623	SAN FRANCISCO	CA	94103
RAMON M SANTOS LIVING TRUST	58 COLLINGWOOD ST	SAN FRANCISCO	CA	941141907
RAMOS BETTA H	623 CASTRO ST	SAN FRANCISCO	CA	94114
RAMOS BETTA H	623 CASTRO STREET	SAN FRANCISCO	CA	94114
RANIERI VERA	131 COLLINGWOOD ST	SAN FRANCISCO	CA	94114
RASTELLI EZIO	2140 BAY ST	SAN FRANCISCO	CA	94123
RECREATION AND PARK DEPARTMENT	501 STANYAN ST	SAN FRANCISCO	CA	94117
REICHBORN-KJENNERUD CORINE	638 CASTRO ST	SAN FRANCISCO	CA	94114
REICHBORN-KJENNERUD ERIK	638 CASTRO ST	SAN FRANCISCO	CA	94114
REIDY KEVIN	65 EUREKA ST	SAN FRANCISCO	CA	94114
RENEE P NG TRUST	1033 GALLEY LANE	FOSTER CITY	CA	94404
RESIDUARY TRUST	P.O. BOX 1795	DISCOVERY BAY	CA	94514
REYNOSO URBANO & IVONNE A	744 CAYUGA AVE	SAN FRANCISCO	CA	94112
RICHARD E LASH REVOC TRUST	3410 ANDRESS HILLS	PALM SPRINGS	CA	92264
RICKARDS STEVEN W	166 HARTFORD ST	SAN FRANCISCO	CA	94114
RICKENBACHER MATZ LLC	4630 GEARY BLVD	SAN FRANCISCO	CA	94118
ROANTREE ROBERT E & ELLEN M	48 HARTFORD ST	SAN FRANCISCO	CA	94114
ROB STCLAIR TRUST	18340 OLD MONTE RIO RD	GUERNEVILLE	CA	95446
ROBERT & THERESA LANG FMLY TR	148 DIAMOND ST	SAN FRANCISCO	CA	94114
ROBERT & THERESA LANG FMLY TRUST	146 DIAMOND ST	SAN FRANCISCO	CA	94114
ROBERT B FULLER 1995 TRUST	584 CASTRO ST #187	SAN FRANCISCO	CA	941142512
ROBERT E KING JR LIVING TR	239 COLLINGWOOD ST	SAN FRANCISCO	CA	94114
ROBERT HSI REVOC LVG TR	29 DIGBY ST	SAN FRANCISCO	CA	94131
ROBERT L LIEBERMAN REV INTR VIVOS	4064 17TH ST	SAN FRANCISCO	CA	941141903
ROBERT MICHAEL EDWARDS 2004 REVOC TR	4075 17TH ST	SAN FRANCISCO	CA	94114
ROBERT R PADILLA REVOC TR 2010	26 SUGAR PINE LN	DANVILLE	CA	94506
ROBERT W GOLDFARB REVOC TRUST	458 NOE ST	SAN FRANCISCO	CA	94114
ROBIN A MCDONALD REVOC TR	169 HANCOCK ST	SAN FRANCISCO	CA	94114
RODDEN KERRY	40 COLLINGWOOD ST	SAN FRANCISCO	CA	941141907

RODDEN KERRY	42 COLLINGWOOD ST	SAN FRANCISCO	CA	941141907
RODGERS THOMAS P	4510 18TH ST	SAN FRANCISCO	CA	94114
ROGER J & DIANE K MARTINEZ REVOC TR	116 ALPINE TER	SAN FRANCISCO	CA	94117
ROGERS BRUCE D	910 ESTRELIA COURT	CONCORD	CA	94518
ROGERS DOUGLAS E	4065 19TH STREET	SAN FRANCISCO	CA	94114
ROGERS DOUGLAS E	584 CASTRO ST #624	SAN FRANCISCO	CA	94114
ROGERS FAMILY LIVING TRUST	36 SOTELO AVE	SAN FRANCISCO	CA	94116
ROGERS KEVIN	76 DIAMOND ST	SAN FRANCISCO	CA	94114
RON NEWMAN LVG TR	41 STATES ST	SAN FRANCISCO	CA	94114
RONALD V PINTO TRUST THE	PO BOX 471120	SAN FRANCISCO	CA	94147
ROTSCHILD MONROE C & AUDREY J	555 LAUREL AVE APT 612	SAN MATEO	CA	94401
ROWLAND NEIL & GAFFIELD JAMES	17 HARTFORD ST	SAN FRANCISCO	CA	94114
ROWLAND NEIL & GAFFIELD JAMES	P.O. BOX 330395	SAN FRANCISCO	CA	94133
ROWLAND RANDAL W BOZINA ELENA	2045 GREEN ST	SAN FRANCISCO	CA	94123
RUEBUSH KENNETH JR	43 HARTFORD ST	SAN FRANCISCO	CA	94114
RUNNER KATHY A & BROCK MARGARET N	61 DIAMOND ST	SAN FRANCISCO	CA	94114
RUNNER MICHAEL W	716 A DOUGLASS ST	SAN FRANCISCO	CA	94114
RUTH H FERGUSON SURVIVORS TR	500 DAVEY GLEN RD	BELMONT	CA	94002
RYNIEJSKI MAREK	148 DIAMOND ST	SAN FRANCISCO	CA	94114
RYNIEJSKI MAREK J	142 DIAMOND ST	SAN FRANCISCO	CA	94114
SAHAGUN PROPERTIES LLC	2500 CALIFORNIA ST	SAN FRANCISCO	CA	94115
SAKAKIHARA, ASAKICHI	1737 POST ST #365	SAN FRANCISCO	CA	94115
SALSTEIN MICHAEL HOWARD	80 DIAMOND ST	SAN FRANCISCO	CA	94114
SALVATORE J BAGLIERI LVG TR	261 DIAMOND ST	SAN FRANCISCO	CA	94114
SAN FRANCISCO PROPERTIES LLC	2901 FIFTH AVENUE	SAN DIEGO	CA	92103
SAN FRANCISCO UNIFIED SCHOOL DISTRICT	25 VAN NESS AVE STE#400	SAN FRANCISCO	CA	94102
SANDERS STEVEN D	640 CASTRO ST	SAN FRANCISCO	CA	94114
SANDERSEN AREN	161 HARTFORD ST	SAN FRANCISCO	CA	94114
SANDRINGHAM TRUST	710 RIVERPOINT COURT #0268	WEST SACRAMENTO	CA	95605
SANDRINGHAM TRUST	P.O. BOX 11015	OAKLAND	CA	94611
SANDRINGHAM TRUST	PO BOX 11015	OAKLAND	CA	946110015
SARA R JULIAN TRUST	254 HARTFORD ST	SAN FRANCISCO	CA	941142526
SARATOGA FUND IV LLC	218 ESTATES DRIVE	ROSEVILLE	CA	95678
SARIKAKIS MICHAEL J	20 EL CERRITO AVE	SAN MATEO	CA	94402
SASSO PAUL	226 HARTFORD ST	SAN FRANCISCO	CA	94114
SAULS CHRISTOPHER B	629 CASTRO ST	SAN FRANCISCO	CA	941142517
SAWAYAMA ANDREW MICHAEL	666 CASTRO ST	SAN FRANCISCO	CA	94114
SCHLOTZ JEANNE	23 MIGUEL ST	SAN FRANCISCO	CA	94131
SCHULER GREGORY CHARLES	666 CASTRO ST	SAN FRANCISCO	CA	94114
SCHUMAN-BALISTRERI 1992 REV TR	4406 18TH ST #A	SAN FRANCISCO	CA	94114
SCHWARTZ RAYMOND & ELISABETH	3919 17TH ST	SAN FRANCISCO	CA	94114
SCOTT A GATZ TRUST	220 HARTFORD ST	SAN FRANCISCO	CA	94114
SCOTT ALLEN ROMESBURG LVG TRUST	216 HARTFORD ST	SAN FRANCISCO	CA	94114
SCOTT GIBREE LVG TR	43 COLLINGWOOD ST	SAN FRANCISCO	CA	94114
SCOTT JUDY E	2627 14TH AVE	SAN FRANCISCO	CA	94127
SEHGAL RAVINDER	659 CASTRO ST	SAN FRANCISCO	CA	94114
SEIVERSTON AARON B	52 HARTFORD ST	SAN FRANCISCO	CA	94114
SENDEJAS ANGELO MARTINEZ LIV TR	3931 18TH ST	SAN FRANCISCO	CA	94114
SETO AMY K	465 - 469 NOE ST	SAN FRANCISCO	CA	94114
SETO GLENN	465 - 469 NOE ST	SAN FRANCISCO	CA	94114
SEYEHAL VINCENT & PALMER EDEN	70 - 74 HARTFORD ST	SAN FRANCISCO	CA	94114
SHINALL ANNA MARIE	167 HARTFORD ST	SAN FRANCISCO	CA	94114
SHINOHARA LANE II LP	2900 SIXTH AVE	SAN DIEGO	CA	92103
SHINOHARA LANE II LP	2901 FIFTH AVENUE	SAN DIEGO	CA	92103
SHIPLEY WILLIAM JON	28 HARTFORD ST	SAN FRANCISCO	CA	94114
SIEGEL JAMES J	4009 18TH ST	SAN FRANCISCO	CA	941142501
SIRHED BASSEM R 2001 TRUST	1560 KINGSWOOD DR	HILLSBOROUGH	CA	94010
SIRHED BASSEM R 2001 TRUST	PO BOX 626	BURLINGAME	CA	94011
SIRHED KHALIL & AMAL	4075 18TH ST	SAN FRANCISCO	CA	941142535
SLINEY JOHN & KINLEY-SLINEY LI	1170 HOLMAN RD	OAKLAND	CA	94610
SLOTSKY FAMILY TRUST	34 MEADOW PARK CT	ORINDA	CA	94563
SMITH FELIX T	4048 17TH STREET	SAN FRANCISCO	CA	94114
SMITH JEFFREY	36 FORD ST	SAN FRANCISCO	CA	94114
SMITH MERLE C	481 NOE ST	SAN FRANCISCO	CA	94114
SMITH SHEPHERD	3947 17TH ST	SAN FRANCISCO	CA	941142009
SMITHTON ZOYA L	2800 VAN NESS AVE	SAN FRANCISCO	CA	94109
SMITHTON, ZOYA L	2800 VAN NESS AVE	SAN FRANCISCO	CA	94109
SOLIZ PHILIP L	3967 18TH ST # 3	SAN FRANCISCO	CA	94114
SOLIZ PHILLIP L	3967 18TH ST #2	SAN FRANCISCO	CA	94114
SOPER JOAN TODD	4056 18TH ST	SAN FRANCISCO	CA	94114
SPARKS ALLISON	58 COLLINGWOOD ST	SAN FRANCISCO	CA	941141907
SPRINGFIELD CHARLES	136 HARTFORD ST	SAN FRANCISCO	CA	94114
SQUERI FAMILY TRUST	26 FLINT ST	SAN FRANCISCO	CA	94114
SQUERI MARITAL TRUST	26 FLINT ST	SAN FRANCISCO	CA	94114
SRITULANONDHA SIRIRAT	22 VIEWCREST CIR	SO.SAN FRANCISCO	CA	94080
SRITULANONDHA SIRIRAT	2425 MARKET ST APT 7	SAN FRANCISCO	CA	94114
STAVESARI	4129 18TH ST	SAN FRANCISCO	CA	94114
STEIN DAVID	162 DIAMOND ST	SAN FRANCISCO	CA	94114
STEVEN DAVID TESSLER TR	584 CASTRO ST #345	SAN FRANCISCO	CA	94114
STEWART EVAN	3960 18TH ST	SAN FRANCISCO	CA	94114
STEWART EVAN M	3960 18TH ST	SAN FRANCISCO	CA	94114
STOFT ETHEL D & JOHN D TRUST	148 HARTFORD ST	SAN FRANCISCO	CA	94114
STOLL CHRISTOPHER	71 COLLINGWOOD ST	SAN FRANCISCO	CA	94114
STONG MONT E	80 COLLINGWOOD ST #201	SAN FRANCISCO	CA	94114
STRAIN INVESTMENTS	11 CYPRESS AVE	KENTFIELD	CA	94904
STUART R PAUL LVG TR	1704 UNION ST	SAN FRANCISCO	CA	94123
STUHRMANN PATRICK	234 HARTFORD ST	SAN FRANCISCO	CA	94114
SUCHEVITS TODD A	3939 17TH ST	SAN FRANCISCO	CA	94114
SUDBURY MATT S	80 COLLINGWOOD ST #202	SAN FRANCISCO	CA	94114
SULLIVAN BRIAN M	180 HARTFORD ST	SAN FRANCISCO	CA	94114
SURVIVORS TRUST	4630 GEARY BLVD STE 202	SAN FRANCISCO	CA	94118
SUSAN WAYNE LIVING TRUST	4031 18TH ST	SAN FRANCISCO	CA	94114
SUZANNE F BOYLE REVOC LVG TR	3995 18TH ST	SAN FRANCISCO	CA	94114
SUZANNE F BOYLE REVOCABLE TRUS	3995 18TH STREET	SAN FRANCISCO	CA	94114
SWAIN AMANDA F	3917 17TH ST	SAN FRANCISCO	CA	94114
SZETO JASON & ANGELA W	487 - 489 NOE ST	SAN FRANCISCO	CA	941142028
TAFOYA DESL A	4009 18TH ST	SAN FRANCISCO	CA	941142501

TAMM STEVEN L & KIMBERLIN SUSAN M	3941 17TH ST	SAN FRANCISCO	CA	941142009
TAN T & NANCY P J TAN MARNTAL Q	2301 KIRKHAM ST	SAN FRANCISCO	CA	94122
TAN TEH-SEN & NANCY FAMILY BYPASS	4444 GEARY BLVD #100	SAN FRANCISCO	CA	94118
TARICCO ANTHONY F	49 HARTFORD ST	SAN FRANCISCO	CA	94114
TATRO CHRISTOPHER L & KIM THOMAS J	542 NOE ST	SAN FRANCISCO	CA	94114
TERI ANN ROTHSCCHILD REVOC TR	555 LAUREL AVE APT 612	SAN MATEO	CA	94401
TERRY B TURRENTINE TRUST	34 FORD ST	SAN FRANCISCO	CA	94114
TERRY D&KATHLEEN B EDELI 2006 REV TR	48 WORTH ST	SAN FRANCISCO	CA	94114
TERRYL TAGG 2008 LVG TRUST	1195 TENNESSEE ST	SAN FRANCISCO	CA	94107
TETI FREDERICK	4048 17TH STREET	SAN FRANCISCO	CA	94114
THAM JOSEPH	2910 ANZA ST #3	SAN FRANCISCO	CA	94121
THANH K PHAN REVOC LVG TR	1343 21ST AVE	SAN FRANCISCO	CA	94122
THANH K PHAN REVOCABLE LVG TRUST	1343 21ST AVE	SAN FRANCISCO	CA	94122
THOMAS A KARABIN & SEAM P PHUONG REV TR	19 BELGRAVE AVE	SAN FRANCISCO	CA	94117
THOMAS A LUCAS 2007 REVOC TR	3981 18TH ST	SAN FRANCISCO	CA	94114
THOMAS ROBERT JOHN	4051 - 4055 19TH ST	SAN FRANCISCO	CA	941142561
THOMAS, DAVID JUDE	100 W LIBERTY ST STE890	RENO	NV	895011954
THONGVICHIT 2002 TRUST	375 HAZELWOOD AVE	SAN FRANCISCO	CA	94127
THONGVICHIT JEFF JARAS	375 HAZELWOOD AVE	SAN FRANCISCO	CA	94127
THORNBURG LEE R II	3920 17TH ST	SAN FRANCISCO	CA	941142010
THORP VIVIEN KIM	1293 DOLORES ST	SAN FRANCISCO	CA	94110
TIELA CHALMERS 2010 REVOC TR	619 CASTRO ST	SAN FRANCISCO	CA	94114
TIERNEY JOSEPH	1578 10TH AVE	SAN FRANCISCO	CA	94122
TIMOTHY J GULLICKSEN LVG TR	630 CASTRO ST	SAN FRANCISCO	CA	94114
TIWAN SHEILA MARIA	182 A DOUGLASS ST	SAN FRANCISCO	CA	94114
TOBIN HANSEN 2000 REVOC TR	849 COAST BOULEVARD CM102	LA JOLLA	CA	92037
TODD GREY	4056 18TH ST	SAN FRANCISCO	CA	94114
TODD JENEE L	80 COLLINGWOOD ST APT 301	SAN FRANCISCO	CA	94114
TOMMY & EDA LOO REVOC LVG TRUST	4353 18TH ST	SAN FRANCISCO	CA	94114
TONG HING LEE BYPASS TRUST	1415 18TH AVE	SAN FRANCISCO	CA	94122
TRAN THAO HAI	35 COLLINGWOOD ST	SAN FRANCISCO	CA	94114
TRIMBLE SHANNON	439 NOE ST	SAN FRANCISCO	CA	94114
TROTTA NICHOLAS B & ADELLE L	3952 18TH ST	SAN FRANCISCO	CA	94114
TRUONG KHOI TAC	180 HARTFORD ST	SAN FRANCISCO	CA	94114
TRUST FUND A	246 W 25TH AVE	SAN MATEO	CA	94403
TRUST FUND B	246 W 25TH AVE	SAN MATEO	CA	94403
TSE FAMILY TRUST	483 NOE ST	SAN FRANCISCO	CA	94114
TUBB MICHAEL	636 CASTRO ST	SAN FRANCISCO	CA	94114
TURPIN ALLEN T III	156 HARTFORD ST	SAN FRANCISCO	CA	94114
TYSHUK ANTONY	77 DIAMOND ST	SAN FRANCISCO	CA	94114
U S BANK NA	2800 EAST LAKE ST	MINNEAPOLIS	MN	55406
UNRUH JOHN M	432 NOE ST	SAN FRANCISCO	CA	941142016
UONG LOAN THI	4052 18TH ST	SAN FRANCISCO	CA	94114
VANCE FAMILY LVG TRUST (DTD 03/07/01)	156 DIAMOND ST	SAN FRANCISCO	CA	94114
VANDERSTERRE PETER C	51 FORD ST	SAN FRANCISCO	CA	94114
VANGUARD CASTRO LLC	2501 MISSION ST	SAN FRANCISCO	CA	94110
VANGUARD CASTRO LLC	2501 MISSION STREET	SAN FRANCISCO	CA	94110
VANNI MICHAEL W & ING GAYLE M	614 CASTRO ST	SAN FRANCISCO	CA	94114
VENABLE FAMILY TRUST	156 DIAMOND ST	SAN FRANCISCO	CA	94114
VOLITER ROBERT TYLER	P O BOX 244	BRISBANE	CA	94005
VOUVALIKES-CUDDY LINDA	1766 SANTA LUCIA AVE	SAN BRUNO	CA	94066
VOUVALIKES-CUDDY LINDA	1766 SANTA LUCIA AVENUE	SAN BRUNO	CA	94066
VU HA T	3938 17TH ST	SAN FRANCISCO	CA	941142010
W. RAY SMITH LIVING TRUST 2013	PO BOX 14204	SAN FRANCISCO	CA	941140204
WADE ALEXANDER R&JAGOE ISABEL L	MAIN ST, HESLINGTON, YORK	UNITED KINGTOM		40105EB
WAGGONER JENNIFER ANN	169 COLLINGWOOD ST #2	SAN FRANCISCO	CA	94114
WALDEN WOO & CATHERINE L GLAHN 2003 REVO	1976 LEXINGTON AVE	SAN MATEO	CA	94402
WALL RICHARD J & DENISE B	2660 CHESTNUT ST	SAN FRANCISCO	CA	94123
WALTERS ERICA L	119 COLLINGWOOD ST	SAN FRANCISCO	CA	94114
WANG JOHN & ISABELLE	41 FORD ST	SAN FRANCISCO	CA	94114
WASHINGTON VINCENT L	666 CASTRO ST	SAN FRANCISCO	CA	94114
WATSON DAVID JOHNSTON	3565-A 17TH ST	SAN FRANCISCO	CA	94110
WAYMACK ROBERT L	80 COLLINGWOOD ST #201	SAN FRANCISCO	CA	94114
WAYNE N HONG REVOC TR 2007	623 CASTRO ST #A	SAN FRANCISCO	CA	94114
WEISS MELISSA	348 CASTRO ST	SAN FRANCISCO	CA	94114
WEITZMAN BRUCE A	640 CASTRO ST	SAN FRANCISCO	CA	94114
WESLEY WOO 2003 REVOC TRUST	1800 A NORIEGA ST	SAN FRANCISCO	CA	94122
WHITTEMORE LAUREN E	3936 17TH ST	SAN FRANCISCO	CA	94114
WIES CHRISTOPHER M&MOUMENI FARIDA	472 1/2 NOE ST	SAN FRANCISCO	CA	94114
WILLIAM & PATRICIA MANDEL TRUST 2	112 LYON ST	SAN FRANCISCO	CA	94117
WILLIAM A PARSONS LIVING TRUST	2425 MARKET ST #3	SAN FRANCISCO	CA	94114
WILLIAM CARAVAS REVOC TR	69 EUREKA ST	SAN FRANCISCO	CA	94114
WILLIAM F MCDONAGH JR CONS INC	360 MAGELLAN AVE	SAN FRANCISCO	CA	94116
WILLIAM J & JUNE M DONALD TRUST	167 HANCOCK ST	SAN FRANCISCO	CA	941142532
WILLIAM J & JUNE MCGOVERN TR	167 HANCOCK ST	SAN FRANCISCO	CA	941142532
WILLIAM L FINLEY TRUST	518 WALLER ST	SAN FRANCISCO	CA	94117
WILLIAMS TIMOTHY R	431 NOE ST	SAN FRANCISCO	CA	94114
WILLIAMSON PAUL	244-246 HARTFORD ST	SAN FRANCISCO	CA	94114
WINTHROP BAYARD & ALICE ROCHE	4059 19TH ST	SAN FRANCISCO	CA	94114
WOLFGANG DAVID H & JOANNE K	424 NOE ST	SAN FRANCISCO	CA	94114
WOLSKI GUNTRAM K	15 SUNCREST DR	SOQUEL	CA	95073
WONG KIM FATT	87 EUREKA ST	SAN FRANCISCO	CA	94114
WONG VICTOR W TRUST	3963 18TH ST	SAN FRANCISCO	CA	94114
WU WESLEY W & VUONG TAM T	501 NOE ST #201	SAN FRANCISCO	CA	941142527
WURTZEL JONATHAN	241 HARTFORD ST	SAN FRANCISCO	CA	94114
WYLLIE PENELOPE FAVOR	631 CASTRO ST	SAN FRANCISCO	CA	941142517
XELAN PROP 1 LLC	PO BOX 691889	LOS ANGELES	CA	90069
XU LIN	2425 MARKET ST #2	SAN FRANCISCO	CA	941144200
YANG ABRAHAM L & ROE FELICE L	1 SAINT FRANCIS LN	SAN RAFAEL	CA	94901
YANG LI HUA	549 NOE ST	SAN FRANCISCO	CA	941142527
YARBROUGH STEPHEN	3967 18TH ST #2	SAN FRANCISCO	CA	94114
YARBROUGH STEPHEN L JR	3967 18TH ST #2	SAN FRANCISCO	CA	94114
YARON MEIRAV	243 COLLINGWOOD ST	SAN FRANCISCO	CA	94114
YATES ROGER W JANES ELIZABETH	64 HARTFORD ST	SAN FRANCISCO	CA	94114
YIP ALBERT	3972 18TH ST	SAN FRANCISCO	CA	94114
YIP WYMOND	692 17TH AV	SAN FRANCISCO	CA	94121
YOUNG BENJAMIN B C & DEANN M	387 AUWINALD RD	KAILUA	HI	96734

YOUNG PETER SCOTT & KIMBERLY J	45 COLLINGWOOD ST	SAN FRANCISCO	CA	941141906
YUEN GOON LEE SURVIVORS TRUST	1415 18TH AVE	SAN FRANCISCO	CA	94122
ZAKLAD ORIE MARC	80 COLLINGWOOD ST #401	SAN FRANCISCO	CA	94114
ZANCO TRUST THE	P O BOX 327	LIBERTY LAKE	WA	99019
ZIMMAN JEFFREY S	43 HARTFORD ST	SAN FRANCISCO	CA	94114
ZIMMER TR OF BANSEMER-ZIMMER LV TRUST	555 CASTRO ST	SAN FRANCISCO	CA	94114
ZOERKENDOERFER RICO L	3922 - 3928 17TH ST	SAN FRANCISCO	CA	94114
ZORZAKIS LIVING TRUST	11410 MADERA CR SW	LAKEWOOD	WA	98499
ZOUESHTIAGH NAHID TRUST THE	2425 MARKET ST APT 4	SAN FRANCISCO	CA	94114

Ausberry, Andrea

From: Starr, Aaron (CPC)
Sent: Thursday, June 26, 2014 10:45 AM
To: Bruss, Andrea (BOS); Caldeira, Rick (BOS); Ausberry, Andrea
Cc: Calvillo, Angela (BOS); Power, Andres; Givner, Jon (CAT)
Subject: RE: Interim Zoning Controls - File Nos. 140735 and 140736
Attachments: BF140736.Lables.docx; CastroMailing.xls

Attached, please find the MS Word file for the labels created in Mail Merge and the list as an Excel file in case you need to reformat the labels. Please let me know if you have any questions or need any more information.

Sincerely,
Aaron Starr

From: Bruss, Andrea (BOS)
Sent: Thursday, June 26, 2014 10:36 AM
To: Caldeira, Rick (BOS); Ausberry, Andrea
Cc: Calvillo, Angela (BOS); Power, Andres; Givner, Jon (CAT); Starr, Aaron (CPC)
Subject: RE: Interim Zoning Controls - File Nos. 140735 and 140736

Great – Aaron will get you the list today to complete and hear this at the Land Use Committee on July 7th. We have requested the 30-day waiver.

Andrea Bruss
Office of Supervisor Malia Cohen
City Hall, Room 244
(415) 554-7672
Andrea.Bruss@sfgov.org

From: Caldeira, Rick (BOS)
Sent: Thursday, June 26, 2014 10:23 AM
To: Bruss, Andrea (BOS); Ausberry, Andrea
Cc: Calvillo, Angela (BOS); Power, Andres; Givner, Jon (CAT); Starr, Aaron (CPC)
Subject: RE: Interim Zoning Controls - File Nos. 140735 and 140736

Aaron Starr.

From: Bruss, Andrea (BOS)
Sent: Thursday, June 26, 2014 10:22 AM
To: Caldeira, Rick (BOS); Ausberry, Andrea
Cc: Calvillo, Angela (BOS); Power, Andres; Givner, Jon (CAT)
Subject: RE: Interim Zoning Controls - File Nos. 140735 and 140736

Who is assembling the list at Planning so I can make sure they get you the info.

Andrea Bruss
Office of Supervisor Malia Cohen
City Hall, Room 244
(415) 554-7672
Andrea.Bruss@sfgov.org

Introduction Form

By a Member of the Board of Supervisors or the Mayor

Time stamp
or meeting date

I hereby submit the following item for introduction (select only one):

- ☒ 1. For reference to Committee.
An ordinance, resolution, motion, or charter amendment.
- ☐ 2. Request for next printed agenda without reference to Committee.
- ☐ 3. Request for hearing on a subject matter at Committee.
- ☐ 4. Request for letter beginning "Supervisor [] inquires"
- ☐ 5. City Attorney request.
- ☐ 6. Call File No. [] from Committee.
- ☐ 7. Budget Analyst request (attach written motion).
- ☐ 8. Substitute Legislation File No. []
- ☐ 9. Request for Closed Session (attach written motion).
- ☐ 10. Board to Sit as A Committee of the Whole.
- ☐ 11. Question(s) submitted for Mayoral Appearance before the BOS on []

Please check the appropriate boxes. The proposed legislation should be forwarded to the following:

- ☐ Small Business Commission ☐ Youth Commission ☐ Ethics Commission
☐ Planning Commission ☐ Building Inspection Commission

Note: For the Imperative Agenda (a resolution not on the printed agenda), use a Imperative

Sponsor(s):

Supervisors Wiener, Campos, and Mar

Subject:

Planning Code - Interim Zoning Controls for Formula Retail Uses in the Castro Street Neighborhood Commercial District

The text is listed below or attached:

Resolution imposing interim zoning controls for an 18-month period in the Castro Street Neighborhood Commercial District to require a Conditional Use authorization by the Planning Commission under Planning Code Section 303(i) for a proposed use that has been determined to be Formula Retail even if a project sponsor subsequently removes one or more distinguishing Formula Retail Use features from the project proposal; and making environmental findings and findings of consistency with the General Plan and with the Priority Policies of Planning Code Section 101.1.

Signature of Sponsoring Supervisor: Scott Wiener

For Clerk's Use Only:

140736

