



SMALL BUSINESS COMMISSION
OFFICE OF SMALL BUSINESS



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

June 30, 2014

President Cindy Wu
San Francisco Planning Commission
1650 Mission Street, Suite 400
San Francisco, CA 94103-2414

Subj: File No. TBD [Planning Code - Formula Retail and Large-Scale Retail Controls]

Small Business Commission Recommendation: **Approval**

Dear President Wu:

At its meeting of June 9, 2014, the Small Business Commission heard a proposal from the Planning Department regarding legislation under consideration but not yet introduced at the Board of Supervisors (BOS). Thus, no file number is available. The legislation's title is "Planning Code – Formula Retail and Large-Scale Retail Controls." The Commission moved to recommend approval of the legislation at the aforementioned meeting.

The Small Business Commission applauded the Planning Department's efforts in undertaking a San Francisco Formula Retail Analysis ("Analysis"), which informed the recommendations in the legislation. The Commission recognized the Analysis as the first thorough quantitative and qualitative assessment of the state of formula retail (FR) and the effectiveness of existing regulations since BOS adoption of formula retail controls in 2004 and voter passage of Proposition G in 2006. The Analysis helped to dispel misinformation related to various aspects of formula retail operations, and enabled the Planning Department to recommend changes that will make the review process more sensible while continuing to preserve the character of neighborhood commercial corridors.

Findings in the Analysis led to specific provisions in the legislation that will be favorable to small businesses:

- Expand the application of FR controls to more business types (business/professional/limited financial/fringe financial services) and to those entities with an established international presence.
- Include stores located anywhere in the world when counting existing locations.
- Provide greater Planning Department and Planning Commission control of façade and signage design (Performance Review Standards), both important community concerns related to FR uses.
- Create an expedited review process for same-use changes in formula retailers that a neighborhood supports.
- Introduce a definite ¼-mile radius to the evaluation criteria for granting a conditional use authorization, while leaving concentration determinations to be decided at the neighborhood level.
- Require an Economic Impact Study for large-scale retail uses to better assess their impacts on the surrounding community and city as a whole.

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The Analysis even helped the Commission support an increase to a threshold of 20 locations from 12 locations. The finding that only 5% of FR establishments in the city have fewer than 20 total locations, combined with the expansion to new use categories, meant that on balance *more* formula retailers would be subject to controls, not fewer. The impact of the adjustment is expected to be minimal, with 95% of formula retail applications still subject to review under provisions in the legislation. Regarding subsidiaries, the Analysis demonstrated how the Planning Department would struggle with regulation of subsidiaries owned by formula retailers, and that the matter should be studied further before developing a policy proposal.

The Commission's determination to support this legislation reflected that, on balance, the legislation should benefit small businesses given its sensible improvements to formula retail controls. Thank you for considering the Commission's recommendation on this legislation. Please feel free to contact me should you have any questions.

Sincerely,



Regina Dick-Endrizzi
Director, Office of Small Business

cc: Board of Supervisors
Jason Elliot, Mayor's Office
Aaron Starr, Planning Department
Kanishka Burns, Planning Department
AnMarie Rodgers, Planning Department