

LEGISLATIVE DIGEST

[Planning Code - Flexible Retail Use]

Ordinance amending the Planning Code to create a new Use allowing flexible, multi-use retail; making Flexible Retail principally permitted in Supervisorial District Four; affirming the Planning Department’s determination under the California Environmental Quality Act; making findings of consistency with the General Plan, and the eight priority policies of Planning Code, Section 101.1; and making findings of public necessity, convenience, and welfare pursuant to Planning Code, Section 302.

Existing Law

The Planning Code considers Arts Activities, Limited Restaurants, General Retail Sales and Services, Personal Services, Retail Professional Services, and Trade Shop as separate uses. Each of these Uses is defined in section 102 of the Planning Code. While there is no Use that permits a retailer to combine multiple Uses in the same space, under certain conditions, the Planning Code permits some Uses to be considered Accessory to Principal Uses. In Neighborhood Commercial Districts (“NCDs”) conditions for Accessory Uses are set forth in Planning Code section 703. Generally, Accessory Uses may not occupy more than 30% of the total floor area occupied by such use and the Principal or Conditional use.

Amendments to Current Law

This ordinance creates the Flexible Retail Use. Flexible Retail would be a type of Retail Sales and Service Use located in NCDs. This Use would combine the following existing uses: Arts Activities, Limited Restaurants, General Retail Sales and Services, Personal Services, Retail Professional Services, and Trade Shop. Flexible Retail would also allow these Uses to be operated by one or more businesses within the space. This is different than Accessory Uses because there would be no limitation on the amount space any of the Uses could occupy.

Background Information

In February 2018, the Office of Economic and Workforce Development published a report entitled “State of the Retail Sector: Challenges and Opportunities for San Francisco’s Neighborhood Commercial Districts.” The report found that based on increased consumer demand for experiences and increased competition from online sales, many retailers are developing new strategies to attract customers, including: expanding opportunities for customers to interact with products before making a purchase; integrating eating, drinking, and wellness into traditional retail stores; and offering community-building activities such as classes, workshops, readings, lectures, or concerts. The report found that incorporating

multiple uses or creatively co-locating other uses may help retail businesses diversify their revenue streams.

The report also found that land use and permitting requirements can present challenges to new businesses in San Francisco. Specifically, that existing land use and permitting requirements may make it challenging for businesses to incorporate food, drink, events, and other elements that create attractive experiences for customers, and that existing land use and permitting requirements also limit a business' ability to incorporate multiple uses, or co-locate multiple businesses, within a single storefront.

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