



CITY AND COUNTY OF SAN FRANCISCO
LONDON BREED, MAYOR

OFFICE OF SMALL BUSINESS
REGINA DICK-ENDRIZZI, DIRECTOR

January 15, 2019

Ms. Angela Calvillo, Clerk of the Board
City Hall Room 244
1 Dr. Carlton B. Goodlett Place
San Francisco, CA 94102-4689

RE: BOS File No. 181213 – Building Code - Vacant or Abandoned Commercial Storefronts

Small Business Commission Recommendation to the Board of Supervisors: **Approval with Three Amendments and One Suggestion.**

This motion passed unanimously (7 to 0).

Dear Ms. Calvillo,

On January 14, 2019 the Small Business Commission (SBC) heard BOS File No. 181213 – Building Code - Vacant or Abandoned Commercial Storefronts. Ms. Chelsea Boilard, aide to Supervisor Sandra Fewer, provided the SBC with an overview of the legislation and two amendments that resulted from her presentation to the Code Advisory Committee.

The SBC heartily agrees with the intent of the legislation to have a more accurate accounting of the City's actual vacancies, and to close the "For Sale"/"For Lease" loophole by requiring Commercial Storefront to register the property as vacant or abandoned, regardless of whether the property is actively being offered for sale, lease, or rent. The SBC also agrees that closing this loophole will contribute positively towards increasing safety for the building and surrounding area, avoiding blight, and assisting owners that wish to find tenants, which will ultimately increase the economic vitality of San Francisco's neighborhood commercial corridors. Having the ability to directly connect property owners that are interested in receiving support from OEWD will help inform any common issues property owners may have in leasing their space that the City can address. However, there were few items of concern that the SBC deliberated on.

The SBC expressed concern with allowing the Commercial Storefront property owners to enlist a "licensed professional" to conduct the required annual inspection (Page 4, line 8 of the ordinance). Specifically, the SBC asked if there would be any recourse that the Department of Building Inspection (DBI) could administer should they be compelled to re-inspect a vacant or abandoned storefront in the event that their self-submitted annual inspection fails, is inadequate, or is falsified. The SBC did not object to placing this responsibility on the property owner.

Regarding the registration and fee requirements outlined in the ordinance, the SBC concurred that 30 days is a reasonable amount of time for Commercial Storefront property owners to register their vacant or abandoned property. However, the SBC is not supportive of requiring Commercial Storefront property owners, particularly those who have self-reported, pay a registration fee at the time of their registration. The SBC noted that this requirement is punitive to those administering due diligence in reporting their

vacant or abandoned Commercial Storefront. The SBC stressed that this ordinance should hold the most prolific violators accountable and that self-reporters would not generally fall into that category.

The SBC also noted that, vacancies and abandonments are sometimes beyond the control of the Commercial Storefront property owner. Specifically, a business renting or leasing from a Commercial Storefront property owner will sometimes unexpectedly terminate their rental or lease agreement early. In these examples, the Commercial Storefront property owner is left with a vacancy or abandonment that was not planned for. As such, 30 days may be an insufficient amount of time for a responsible Commercial Storefront property owner to secure a new rental or lease agreement. Additionally, there are certain Commercial Storefront properties that may cater to temporary pop-ups. In these instances, it is possible that a Commercial Storefront would be vacant for 30 or more days due to the nature of the typical use of the space. While the SBC agrees that a vacant or abandoned storefront fee should be paid to DBI, it is recommended that it be after a grace period of 270 days or otherwise reasonable amount of time after registration so that a property owner is afforded an opportunity to rent or lease their space.

Additionally, a member of the public recommended that the City maintain an online list of vacant or abandoned Commercial Storefronts to deter duplicative complaints. While not in the formal motion, the SBC concurred and recommends that DataSF may be an option for hosting that information. A publicized and regularly monitored registry of vacant or abandoned storefront properties could be used to relocate businesses affected by Soft Story or are otherwise dislocated for reasons beyond their control.

The SBC recommends the approval of the proposed ordinance as written with three (3) amendments:

For Property owners that proactively register their storefront(s):

- 1) Maintain the requirement that a vacant or abandoned Commercial Storefront shall, within 30 days after it has become vacant or abandoned, register the Commercial Storefront with DBI but strike the requirement that the registration fee be paid immediately, (which should further incentivize self-reporting);
- 2) Retain that a registration fee be paid after a grace period of 270 days or an otherwise reasonable amount of time, in which the Commercial Storefront property owner is afforded an opportunity to rent or lease the vacant or abandoned storefront; and,

For Property owners that do not proactively register their storefront(s):

- 3) If a Notice of Violation is issued to a Commercial Storefront property owner for failing to register within the period of time specified on an initial written notice requiring the owner to register the Commercial Storefront with the Department as vacant or abandoned, mandate that the fee paid to the City be nonrefundable.

Please feel free to contact me should you have any questions.

Sincerely,



Regina Dick-Endrizzi
Director, Office of Small Business

cc: Sandra Fewer, Member, Board of Supervisors,
Kanishka Karunaratne Cheng, Mayor's Liaison to the Board of Supervisors
Tom Hui, Director, Department of Building Inspections
Lisa Pagan, Office of Economic and Workforce Development
Erica Major, Clerk, Land Use and Transportation Committee