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| <b>Legislative Review:</b>          | BOS File #230701 – Citywide Expansion of Allowable Commercial, Restaurant, and Retail Uses |
| <b>Name:</b>                        | Mayor, Dorsey, Engardio, Melgar  |
| <b>Date Introduced:</b>             | 6/6/2023   |
| <b>Date Referred:</b>               | 6/13/2023  |
| <b>Scheduled for BOS Committee:</b> | Land Use and Transportation Committee  |

### **Legislative Intent/Overview:**

This legislation has five major goals:

- 1) To reduce the number of barriers small businesses experience when trying to open a new storefront or expand into a new space.
- 2) Provide small business entrepreneurs greater flexibility to adapt to the changing times caused not only by the pandemic, but also due to shifts in consumer behavior as seen globally;
- 3) Allow more businesses to open without going through the months-long Conditional Use Authorization process by principally permitting more uses throughout the City, and reducing the ability for appeals to cause even longer delays;
- 4) Allow more business use types to open on the ground floor to provide more options in filling vacant commercial ground floor spaces; and
- 5) Address challenges for venues that provide entertainment and/or alcohol, as well as for businesses that offer outdoor patios for patrons

### **Amendments to Current Law**

This legislation will allow more business uses on the ground floor and as principally permitted.

- Expand Flexible Retail citywide and allow as principally permitted.
  - Currently, Flexible Retail is only allowed in Supervisorial Districts 1, 4, 5, 10, and 11.
  - Flexible Retail gives a business the ability to change between six different uses without going back to the City each time for permits. An example of Flexible Retail: a store selling plants and coffee, and then later on wanting to sell plants and make bags on site.
- Clarify in the Planning Code that multiple uses are permitted in the same space. This is similar to the Flexible Retail concept. For example, one space can sell clothing and also operate a barbershop.
- Allow Professional Services on the ground floor as principally permitted citywide, and allow coworking as part of Professional Services. (Note that coworking is distinct from “Office” use.)
  - Currently, most of the City prohibits or makes it difficult to establish a Professional Service use on the ground floor.

- Professional Services includes: travel services, accounting, legal, consulting, insurance, or real estate brokerages.

This legislation will lift restrictions on Restaurants, Limited Restaurants and Bars:

- Currently, several commercial corridors have restrictions in place for Restaurants, Limited Restaurants, and Bars, such as not permitting them, imposing a cap on the number of restaurants that can be established, or requiring a Conditional Use Authorization.
- The ordinance will lift restrictions on Restaurants and Limited Restaurants in Chinatown, along Haight Street, Jackson Square, and Taraval Street.
- New bars are currently not permitted or restricted along Haight Street, Jackson Square, Pacific Ave, Sacramento Street, and Union Street. The ordinance will lift restrictions in these areas.

This legislation will incorporate new state liquor license Type 90 into SF Planning Code:

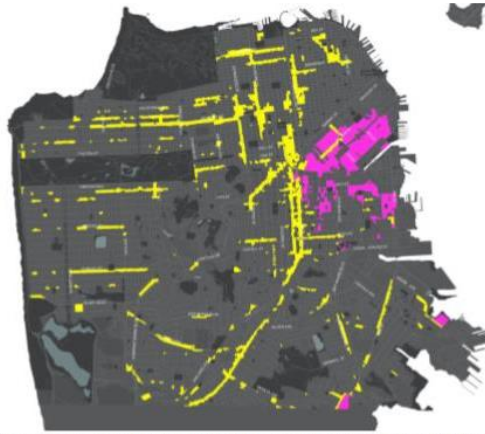
- The CA Department of Alcoholic Beverage Control (ABC) adopted a new liquor license type, the Type 90, which needs to be incorporated into the San Francisco Planning Code.
- The Type 90 Music Venue liquor license authorizes the sale of beer, wine, and distilled spirits at retail for consumption on the premises in a music entertainment facility. One key feature of this liquor license type is that minors are allowed on the premises.

This legislation will ease the legalization process for existing outdoor patios (Outdoor Activity Areas):

- Currently, a business must go through the Conditional Use Authorization process if they cannot provide clear documentation as to when the Outdoor Activity Area (patio) was first established.
- The ordinance will allow the Planning Department to legalize through a building permit any Outdoor Activity Area that has been in operation for at least 10 years without requiring a Conditional Use Authorization.

This legislation will remove the public notice requirement in Eastern Neighborhoods Mixed Use Districts for change-of-use projects:

- This change would reduce the amount of time it takes businesses to get through the permitting process by reducing the 30-day public notice and appeal process for businesses changing from one use to another (e.g., coffee shop changing to a plant shop), which is already the case for other use districts due to Proposition H (Save our Small Business Initiative, adopted by voters in November 2020).
- The map below shows areas shaded in yellow where Proposition H eliminated the public notice requirement for change-of-use projects. Areas shaded in pink show where the public notice requirement for change-of-use projects will be eliminated under this proposed ordinance.



## Background, Issues, and Considerations

- Who benefits from or will be burdened by your proposal (geographically, ethnically, linguistically)? What are your strategies for advancing racial equity or mitigating unintended consequences?
  - This will allow additional types of businesses to open on the ground floor throughout the City, which will contribute to a greater diversity of businesses and provide more opportunities for all small business owners.
- What was the development process of this proposal? Whose input have you sought out? What feedback did you hear and did you incorporate it into this proposal? If not, why not?
  - This legislation reflects ongoing feedback from small businesses throughout the City. The Office of Small Business visits merchant corridors weekly to better understand their needs and challenges, and these proposed changes come from that outreach. In particular, there is ongoing interest in allowing businesses to have multiple uses simultaneously, to allow coworking spaces within neighborhoods, and to relax outdated restrictions/caps on restaurants.
- Is this proposal punitive or enforcement based? What are the other alternatives for proactive compliance?
  - N/A
- Given the diversity of San Francisco, how would this policy play out in different cultural settings? How does it accommodate cultural norms?
  - The proposed legislation is designed to give small business entrepreneurs greater flexibility in the types of businesses they are allowed to run in San Francisco. In so doing, the legislation would also make it easier to understand and comply with the Planning Code, which is often a barrier for communities that historically have not had access to resources to facilitate ease in government permitting processes.