



# SAN FRANCISCO PLANNING DEPARTMENT

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## Memo to the Planning Commission

HEARING DATE: JANUARY 23, 2014

*Date:* January 16, 2014  
*Case No.:* **2013.0936U**  
*Project Address:* **Formula Retail Controls Today and Tomorrow**  
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### BACKGROUND

On June 13, 2013, 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 July 25, 2013, the Planning Commission passed Resolution No. 18931, recommending to the Board of Supervisors that the issue of Formula Retail be further studied, with a focus on potential economic and visual impacts of the existing formula retail controls and anticipated impacts due to the potential expansion of controls. The Commission recommended that any future changes to the controls be based on sound data and analysis.

With benefit of public comment, the Department secured a consultant from the City's pre-qualified economic consultant list maintained by the Controller's Office. Strategic Economics has been selected to conduct the study. The economic study is funded in its entirety by the Planning Department.

The effort is intended to provide data and analysis in a timely manner to assist decision-makers in analyzing the legislation before them. This effort is not intended as a vehicle for citywide outreach due to limited resources and time allotted for review. Each phase of the work will, however, be presented at public hearing before the Planning Commission, and the final report will be presented to the Board of Supervisors prior to Board consideration of any legislative changes that may be recommended by the Planning Department and/or Planning Commission. Today's hearing is an opportunity for public comment on preliminary data collected as part of Phase 1 of the economic study. Three to four additional hearings will be scheduled before the Planning Commission. The tentative dates for all the hearings are as follows:

1. January 23 (during Phase 1);
2. February 27 (at the completion of Phase 1);
3. March 27 (during Phase 2 of the study),
4. April 24 (at the completion of Phase 2); and
5. date TBA (Commission consideration of Department recommendations for policy changes).

Item numbers four and five (Commission consideration of policy recommendations and conclusions of Phase 2) may be scheduled on the same date or at separate hearings, depending on the timing of anticipated action by the Board of Supervisors.

## ECONOMIC STUDY: SCOPE OF WORK, PRELIMINARY DATA, AND TIMELINE FOR COMPLETION

### Consultant-Prepared Study: Phases One and Two

Phase 1 of the economic study is underway. This phase focuses on data collection and analysis including mapping the city's existing and proposed formula retail controls, identifying and mapping established formula retail locations citywide, and collecting data on a number of economic and neighborhood characteristics broken down by Supervisorial District. Phase 1 of the study includes four issue briefs, which will provide a deeper level of analysis of the data collected to address specific topics. Staff anticipates that the completed Issue Briefs will be presented to the Planning Commission at the February 27<sup>th</sup> public hearing, as noted in the project timeline below. Discussion of potential issue briefs will occur at today's hearing.

Phase 2 of the study will include an in-depth look at three neighborhood case studies. These case studies will assess the impacts of formula retail and formula retail controls at the neighborhood level and will examine how controls may impact neighborhoods differently. Department staff will work with the consultant to select the neighborhoods to be included in the case studies. Department staff and the consultant will conduct stakeholder meetings during both Phase 1 and Phase 2. Preliminary findings of the Phase 2 work will be tentatively scheduled for presentation to the Planning Commission on March 27 of this year. The final Phase 2 report will be tentatively scheduled for presentation to the Planning Commission on April 24. Following the completion of the economic study, the Department will develop policy recommendations to present to the Commission on or after April 24, depending upon the timing of hearings before the Board of Supervisors.

### Summary of Preliminary Draft Data

The initial, draft findings from the consultant are based on data purchased by the City of San Francisco from Dun & Bradstreet. Data collection, review, and analysis are on-going, and the consultant will be concluding their analysis of citywide data by the end of January 2014. This work will combine Dun & Bradstreet data with land use characteristics, housing density, Walk Score, and parking data, and will be analyzed citywide and by Supervisorial District. **The draft findings summarized below are preliminary and are subject to change as the individual data points are reviewed.**

- **There are approximately 1,180 formula retail establishments in San Francisco, accounting for nearly 11 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 (Table 1).
- **Stores account for the majority of formula retailers, followed by restaurants, bars, and cafés.** Table 1 shows the use types that are subject to formula retail controls. Of the 1,180 existing formula retailers in San Francisco:
  - 57 % are stores, defined as establishments that sell goods (e.g., groceries, auto parts, pet supplies, jewelry, etc.).
  - 22% are restaurants, bars, or cafés;

- 19% are banks, credit unions, or savings and loans;
- 2% are retail services, a category that includes copy centers, pet care (excluding veterinary) services, and Laundromats and drycleaners.

While there are additional use categories that are subject to formula retail controls (such as arcades and movie theaters), the number of existing formula retailers in those categories was not significant enough to produce meaningful results and were therefore excluded from the analysis.

- **Banks, credit unions, and savings & 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 (Table 1).

**Table 1: Existing Retail Establishments by Formula Retail Status and Use Type (2012)**

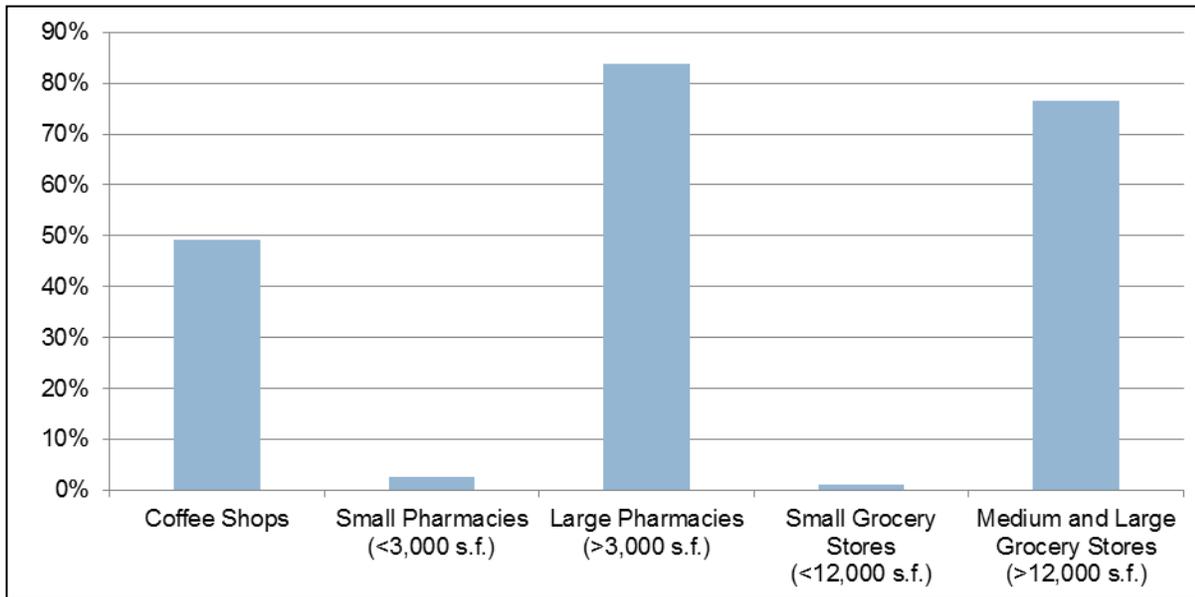
Use Types Subject to FR Controls	Formula Retail	% of Formula Retail	Total Retail	% of Total Retail	FR as a % of Total Retail
Stores	670	57%	7,220	67%	9%
Restaurants, Bars, Cafes	260	22%	2,630	25%	10%
Retail Services	20	2%	610	6%	4%
Banks, Credit Unions, Savings & Loans	220	19%	260	2%	84%
<b>All Types</b>	<b>1,180</b>	<b>100%</b>	<b>10,720</b>	<b>100%</b>	<b>11%</b>

**INTERIM DRAFT**

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

- **Within the broad use type categories, there is significant variation in the prevalence of formula retail.** For example, while only 10% of all restaurants, bars, and cafes are formula retail (Table 1), nearly 50% of coffee shops are formula (Table 2). For other retail types, the prevalence of formula retail varies by size of establishment. For example, 84% of large pharmacies (3,000 square feet or more) are formula retail, compared to just three percent of small pharmacies (less than 3,000 square feet). Similarly, approximately 76% of grocery stores with at least 12,000 square feet are formula retail, compared to one percent of grocery stores with fewer than 12,000 square feet (Table 2).

**Table 2: Formula Retail as a % of Existing Retail Establishments for Certain Use Categories (2012)**



**INTERIM DRAFT**

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

**Timeline for Completion**

The Department’s goal, at the direction of the Planning Commission, is to develop a set of policy recommendations related to formula retail controls, based on a thorough understanding of existing conditions. The economic study commissioned by the Department will provide data, analysis, and data visualization that will inform the Department’s policy recommendations to the Commission. In order to provide policy recommendations in a timely manner, the Department has developed the following timeline for completion of this work:

- January 2014: Stakeholder focus group meetings
- January 23, 2014:** **Today’s Planning Commission Study Launch Hearing:** Presentation to the Planning Commission of preliminary data for Phase 1.
- February 2014: Completion of Phase 1 by consultant, including data and four issue briefs
- February 27, 2014:** **Planning Commission Presentation of Phase 1:** data and four issue briefs
- March 2014: Stakeholder focus group meetings
- March 27, 2014:** **Presentation to the Planning Commission:** Initial Findings Related to Phase 2’s Neighborhood Case Studies
- April 2014: Completion of Phase 2 by consultant, neighborhood case studies report
- April 24, 2014:** **Planning Commission Presentation Phase 2:** Neighborhood Case Studies
- April 2014 or later:** **Planning Commission Hearing:** Consideration of Policy Recommendations from the Planning Department.

**REQUIRED COMMISSION ACTION**

No action is required at this time. This is an informational hearing to provide an update to the Commission about the economic study, commissioned by the Planning Department, currently underway.

<b>RECOMMENDATION:</b> <b>Informational only; no action required</b>
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