

San Francisco's Formula Retail Economic Analysis Planning Commission Update

January 23, 2014



SAN FRANCISCO
PLANNING DEPARTMENT



STRATEGIC ECONOMICS INC

Today's Agenda

- Background & Project Overview
- Presentation
 - Overview of San Francisco's formula retail controls
 - Existing formula retail: Citywide analysis
 - Solicit feed back on issue brief topics
- Next steps
 - Develop 4 Issue Briefs
 - In depth neighborhood case studies

Formula Retail: Hot Topic



Image: Spencer A. Brown - mail@spencebrown.com



What is Formula Retail?

2004: First SF formula retail use controls, including a definition:

“a type of retail sales activity or retail sales establishment which, along with **eleven or more other** retail sales establishments **located in the United States**, maintains two or more of the following features: a standardized array of merchandise, a standardized façade, a standardized décor and color scheme, a uniform apparel, standardized signage, a trademark or a servicemark.”

2007: Voters Pass Prop G

“Small Business Protection Act,” amends the Planning Code by requiring CU authorization for formula retail uses proposed for any Neighborhood Commercial District.

Expectations for Study

- Provide data and analysis on existing formula retail—citywide (today)
- Phase I: Delve into four topics
- Phase II: Delve into specific neighborhoods

After Study

- Department to make recommendations to Commission
- Commission may make recommendations to Board
- Board of Supervisors to consider legislative action

Formula Retail Study -- Schedule

Approximate Dates	Consultants	Planning Staff
PHASE I		
Complete	Initial Citywide and Supervisor District analysis	
Jan 17 & 22	Stakeholder focus group meetings	Commission 1/23
Jan-Feb	Conduct issue brief research (4 topics)	
Feb	Complete Phase I	Commission 2/27
PHASE II		
Feb-March	Conduct neighborhood case studies (3); refine Citywide and Supervisor District Analysis	
March	Stakeholder focus group meetings	Commission 3/27
April	Finalize work	Commission 4/24



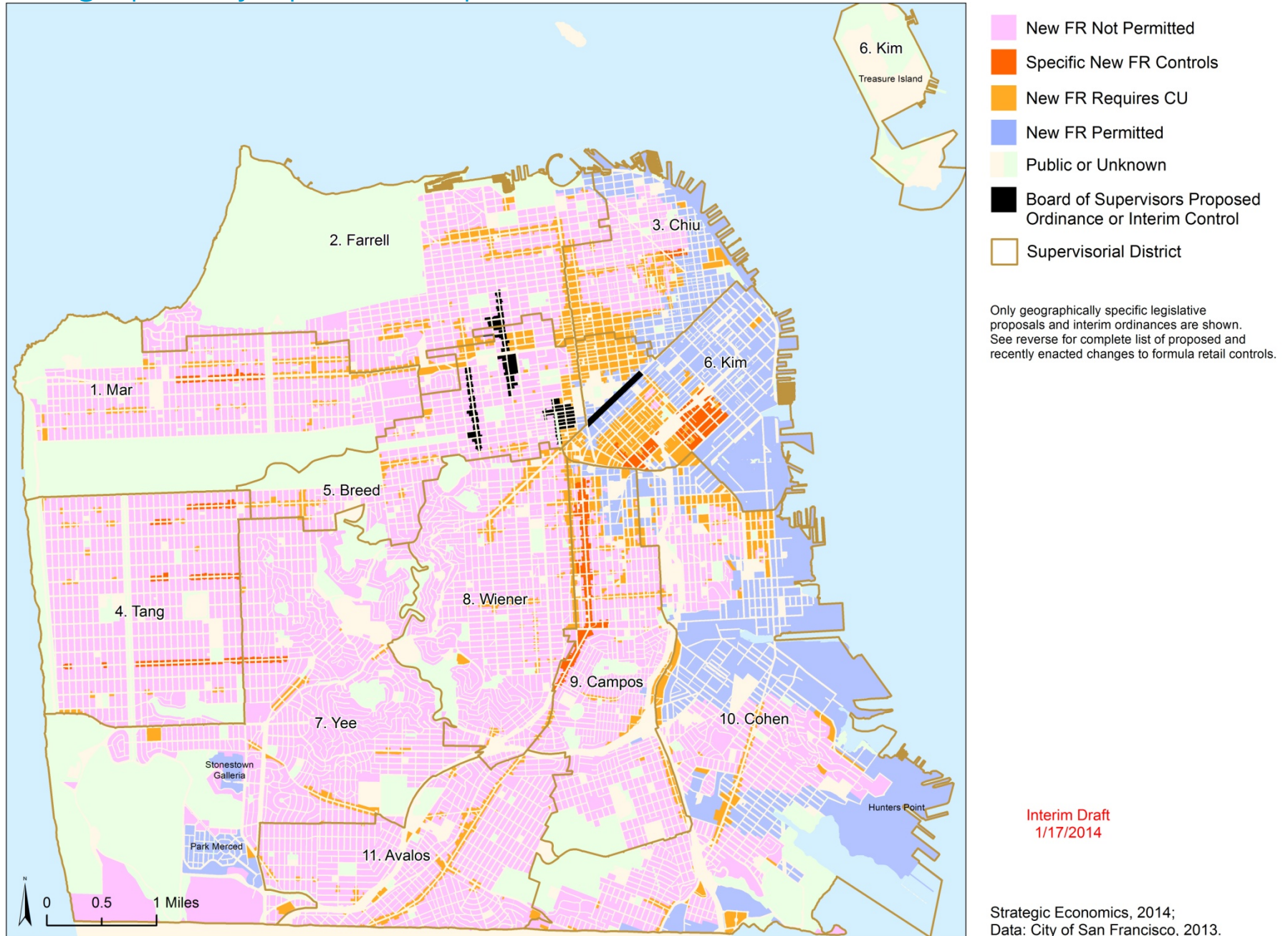
San Francisco's Formula Retail Controls

[illegible]

- Interim Draft
1/17/2014

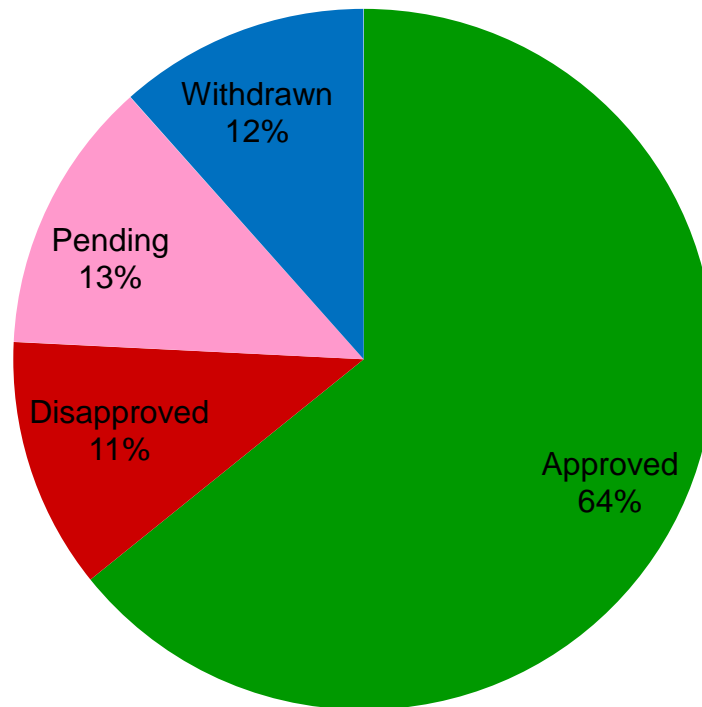
Strategic Economics, 2014;
Data: City of San Francisco, 2013.

Geographically Specific Proposed and Interim Formula Retail Controls

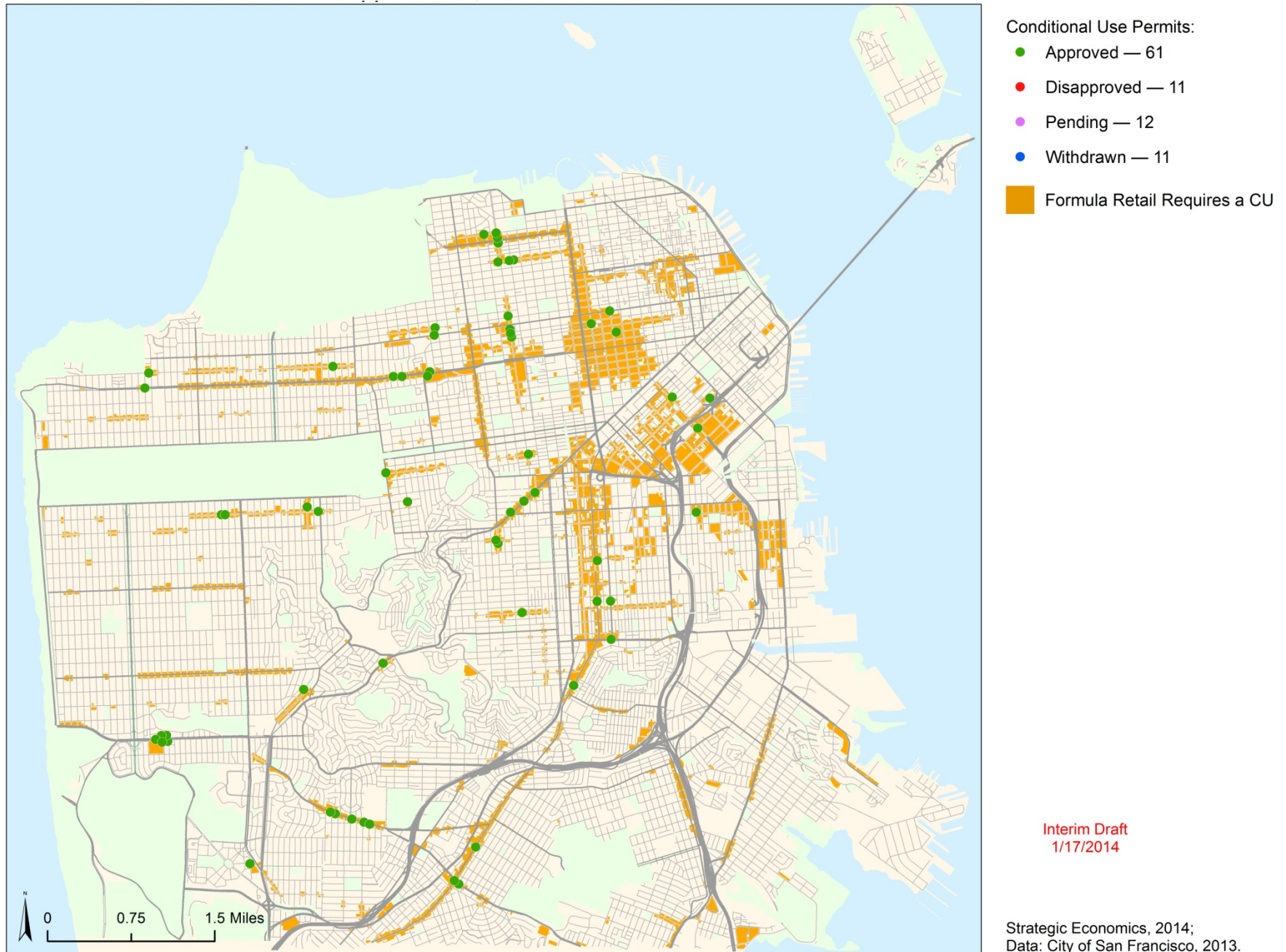


Formula Retail CU Applications by Action Taken: 2004 to June 2013

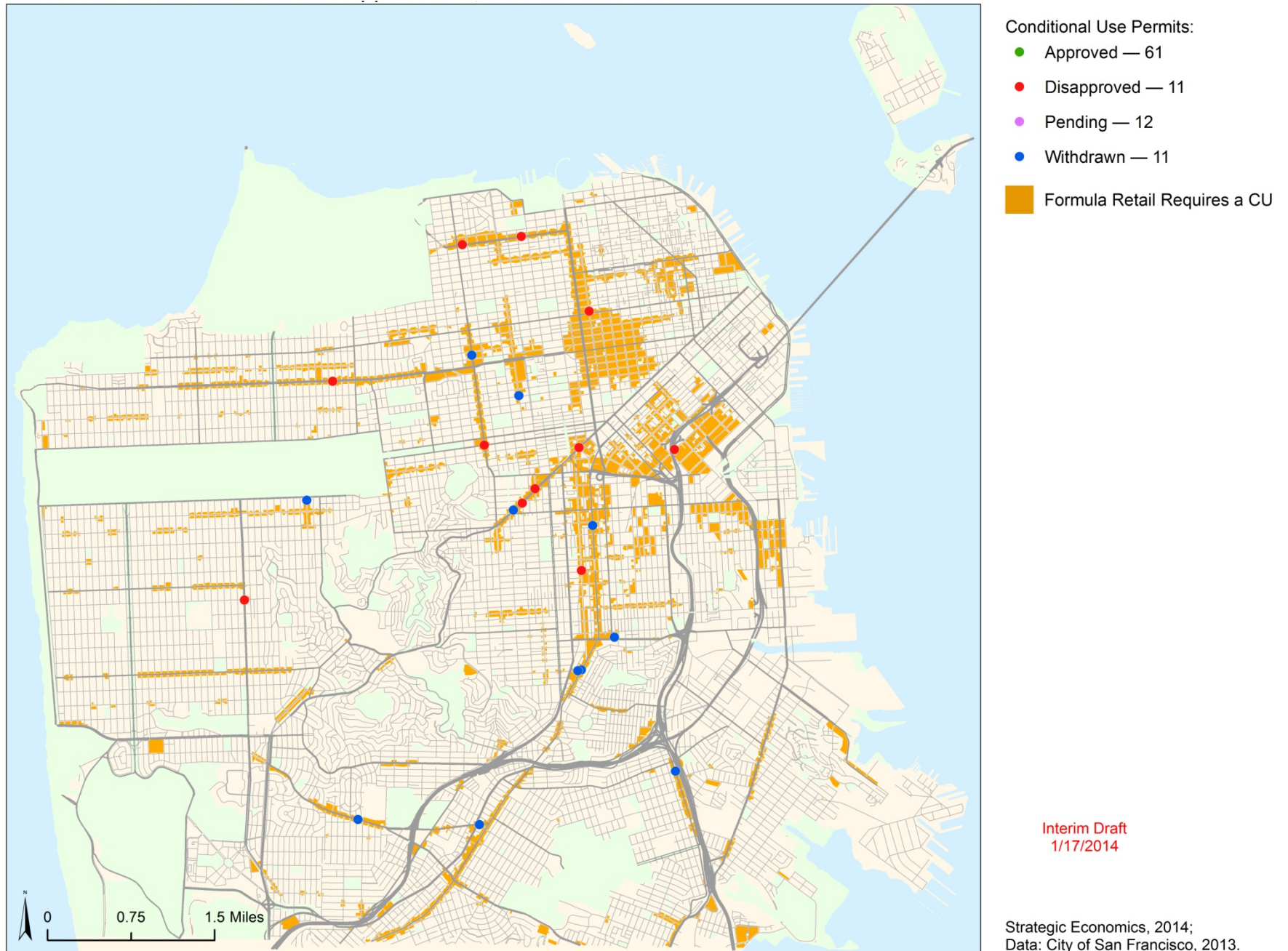
Formula Retail Conditional Use Applications by Action Taken (of 95 total CU applications)



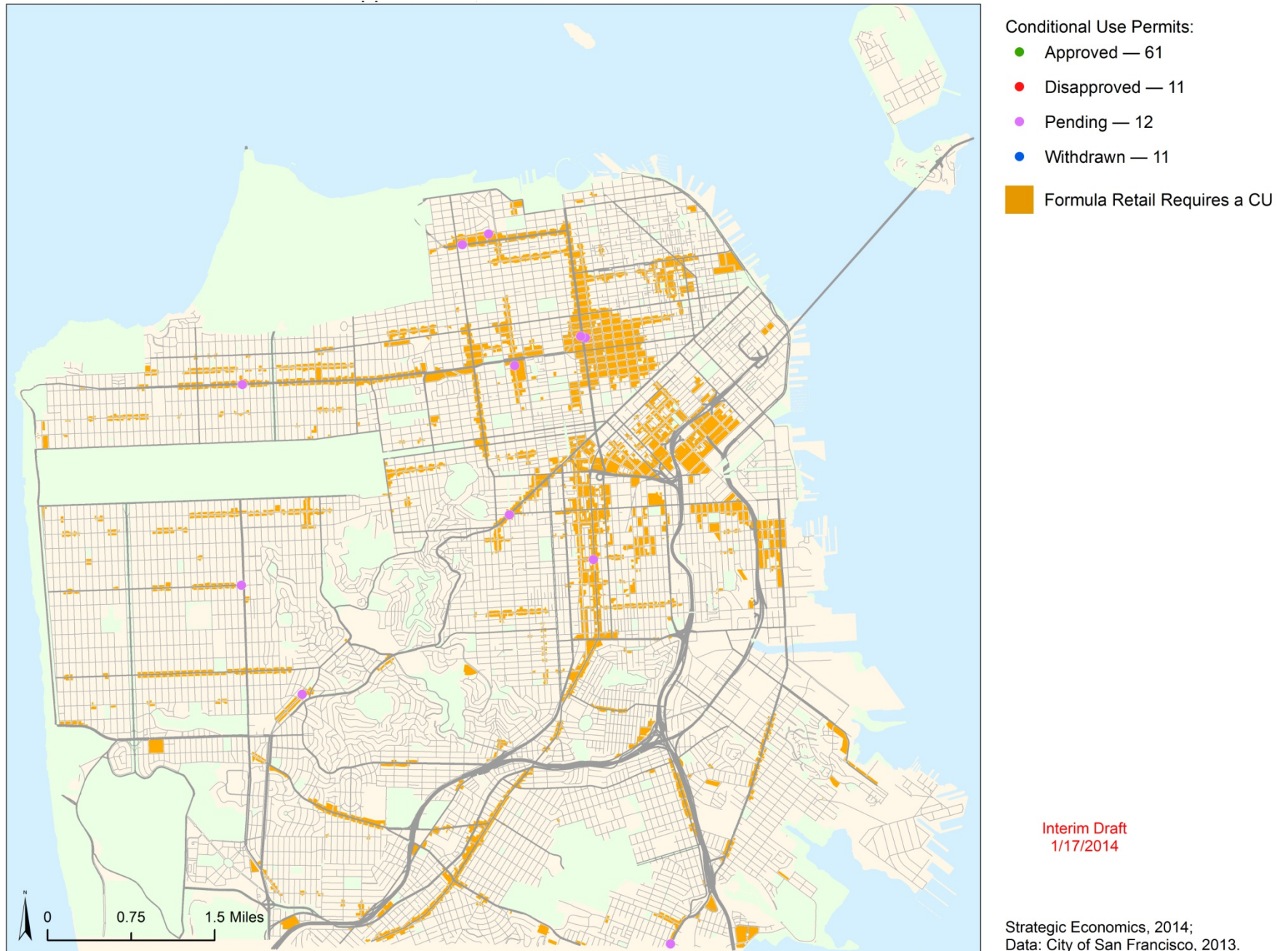
Formula Retail CU Applications: Approved



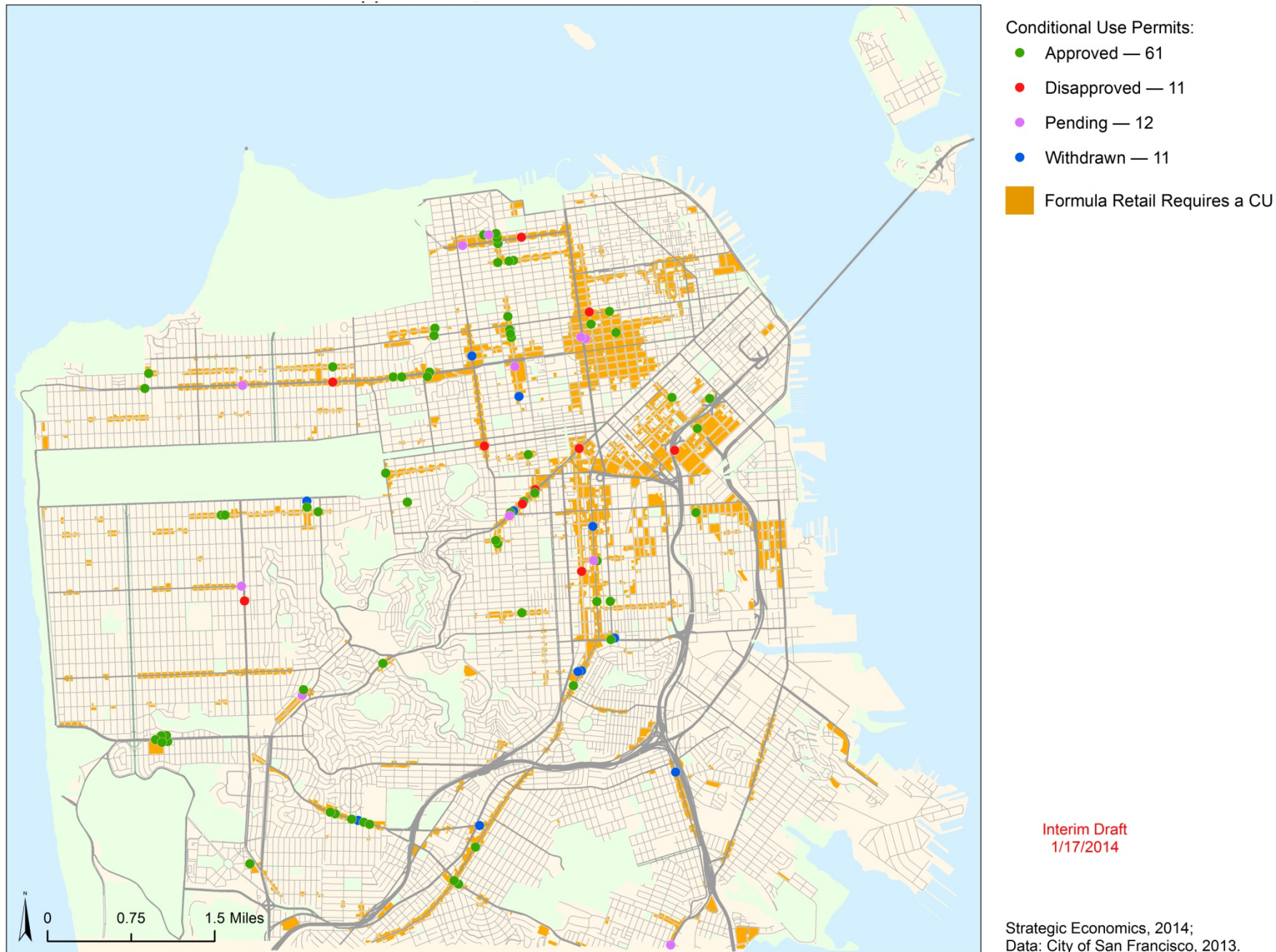
Formula Retail CU Applications: Disapproved or Withdrawn



Formula Retail CU Applications: Pending



Formula Retail CU Applications: All Applications, 2004-June 2013





Existing Formula Retail: Citywide Analysis

Efforts to Study Formula Retail in San Francisco

- San Francisco Retail Diversity Study (SF LOMA, 2007)
- Ted Egan, Controller's Office (pending release)
- San Francisco Realtors (to be released today (?))
- San Francisco Planning Department Study

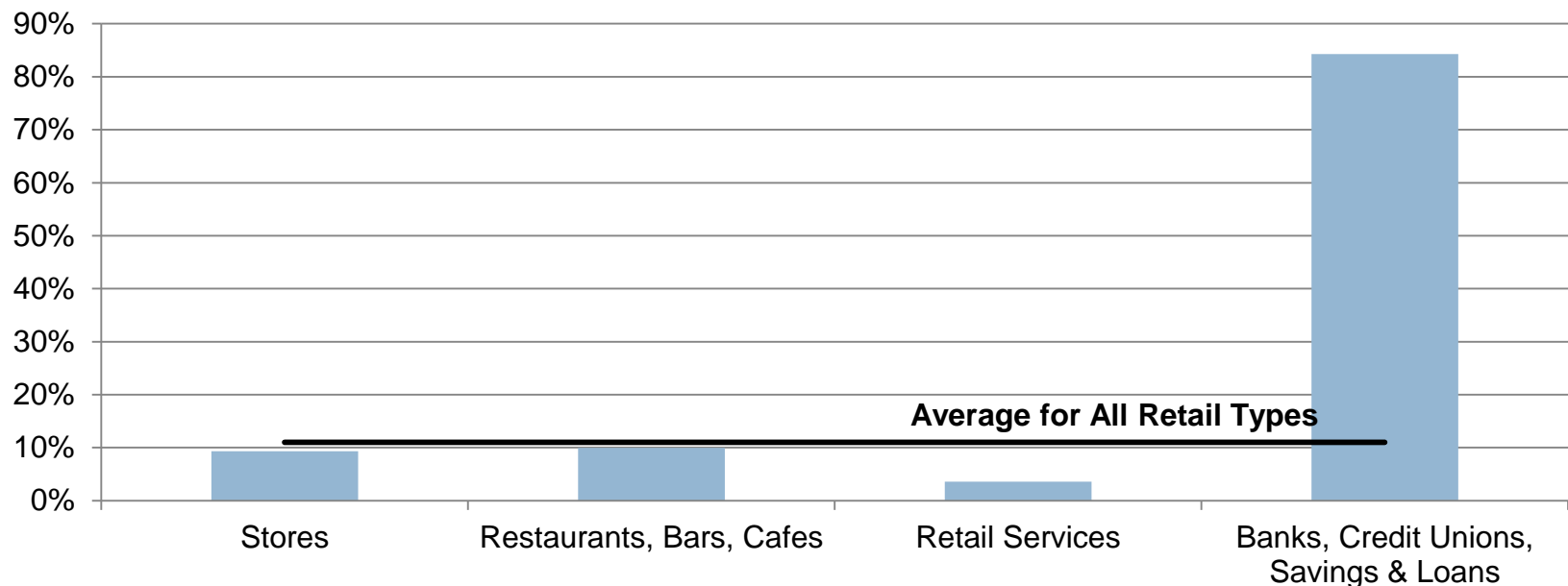
Prevalence of Formula Retail

- There are approximately 1,200 formula retail establishments in San Francisco, accounting for 11 percent of all retailers
- Nationally, 32 percent of all retail establishments are part of chains that include 10 or more outlets (2007 Economic Census)

Prevalence of Formula Retail in San Francisco by Use Type

- FR accounts for 11 percent of all retail, but a higher share of banks (84 percent) and lower share of retail services (4 percent)

Formula Retail as a Percent of All Existing Retail Establishments, by Use Type

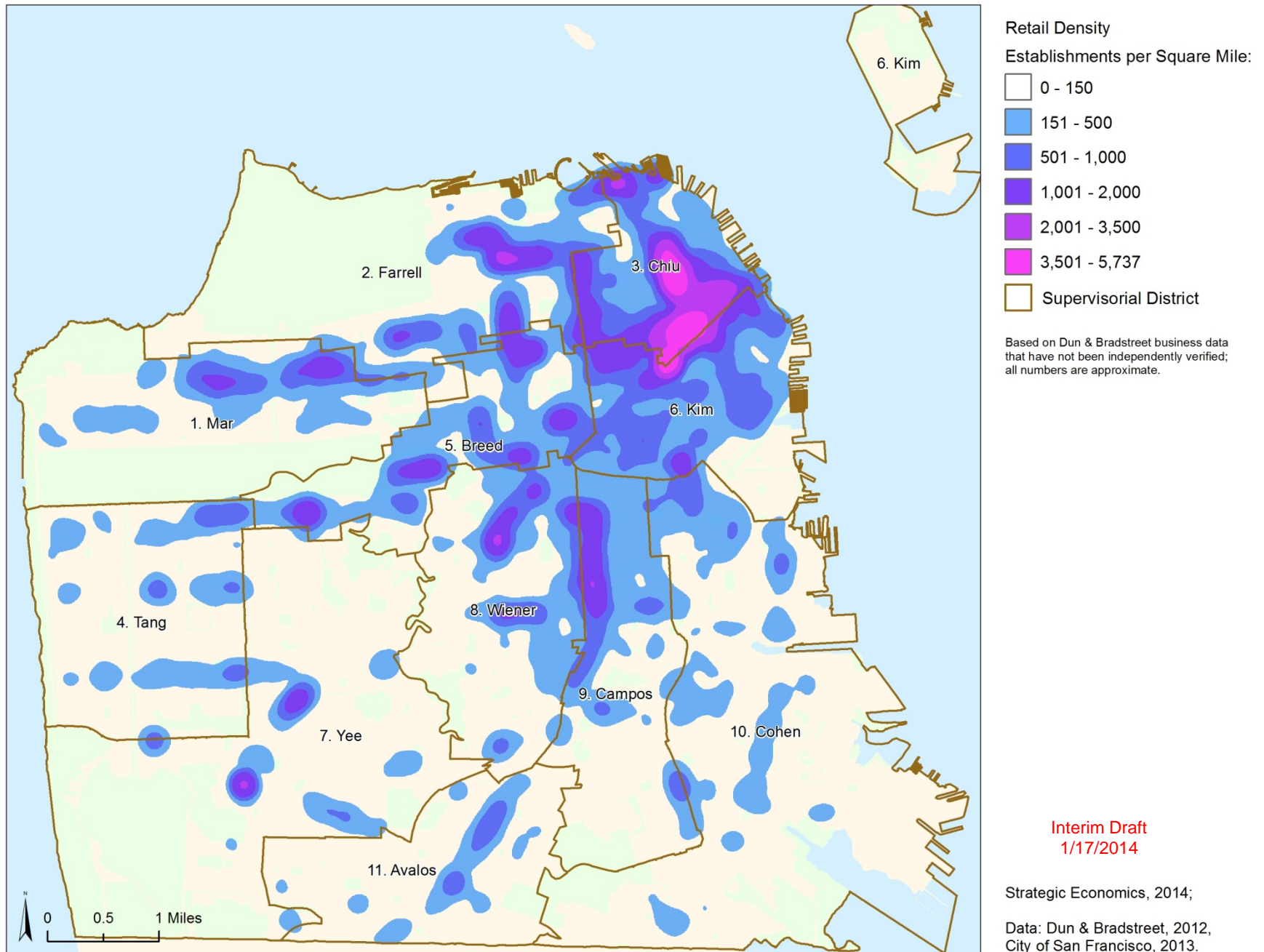


INTERIM DRAFT (1/17/2014)

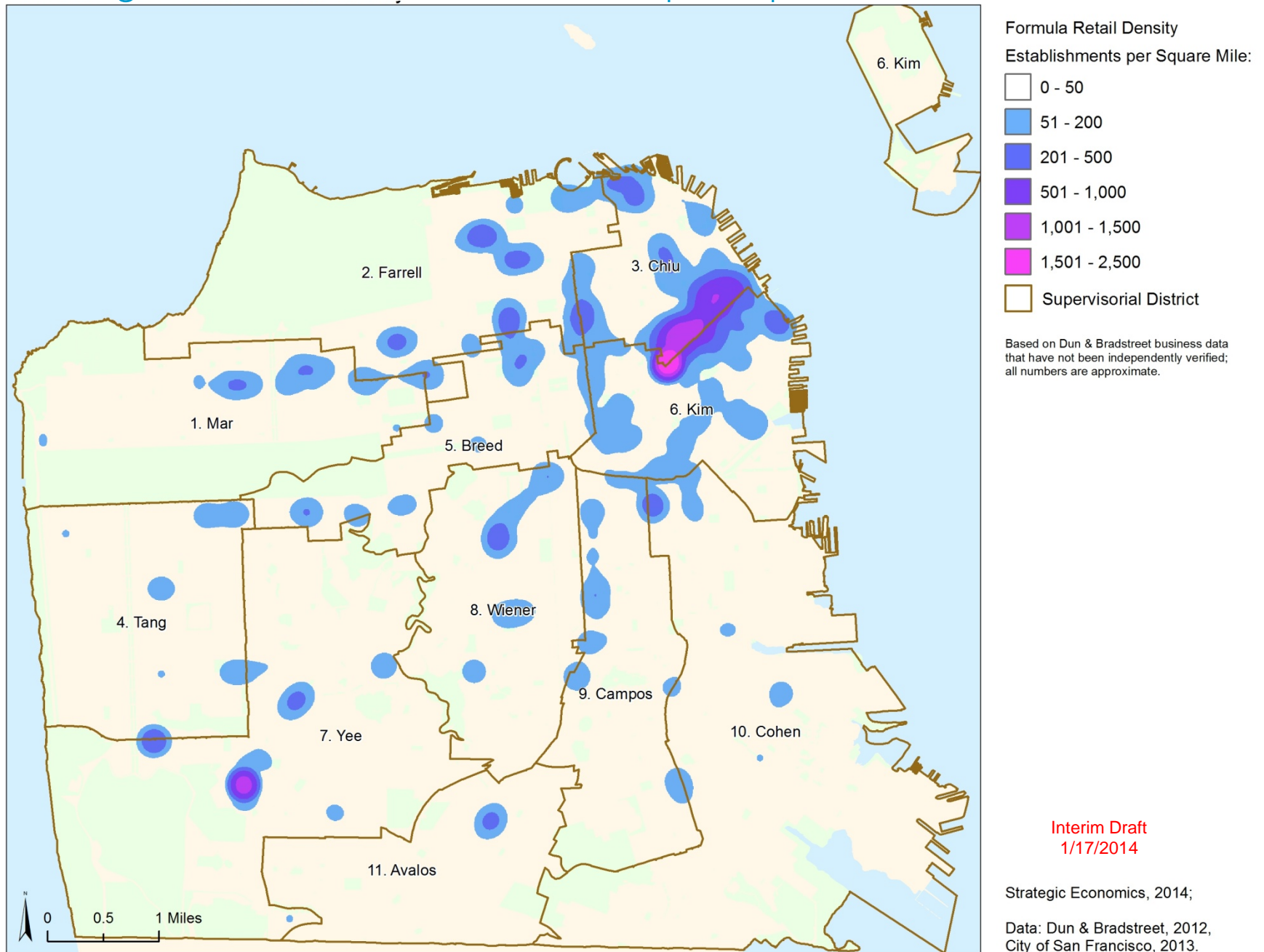
Based on Dun & Bradstreet business data that have not been independently verified; all numbers are approximate.

Sources: Dun & Bradstreet, 2012; Strategic Economics, 2014.

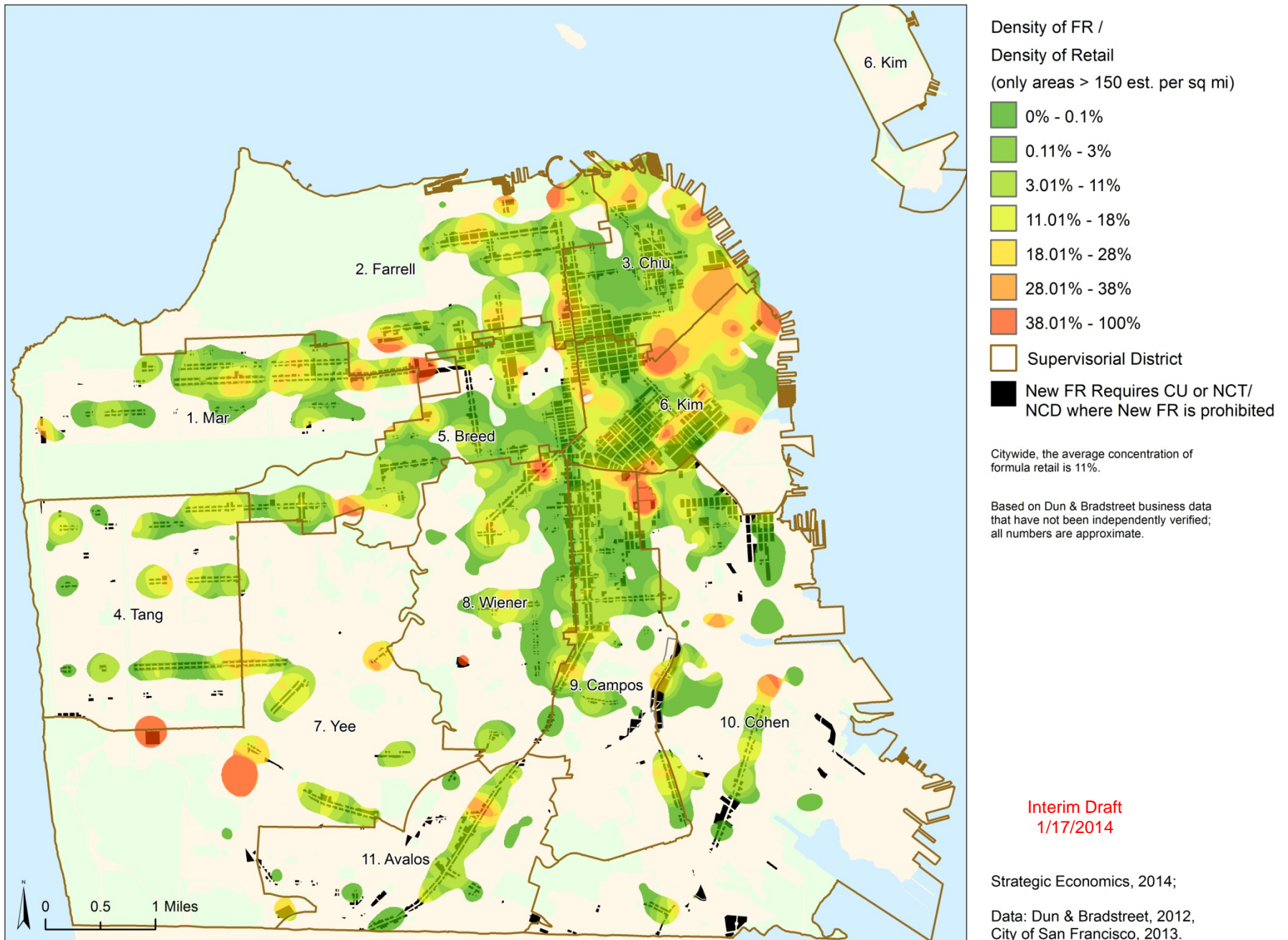
Existing Retail (Formula & Independent) Establishments per Square Mile



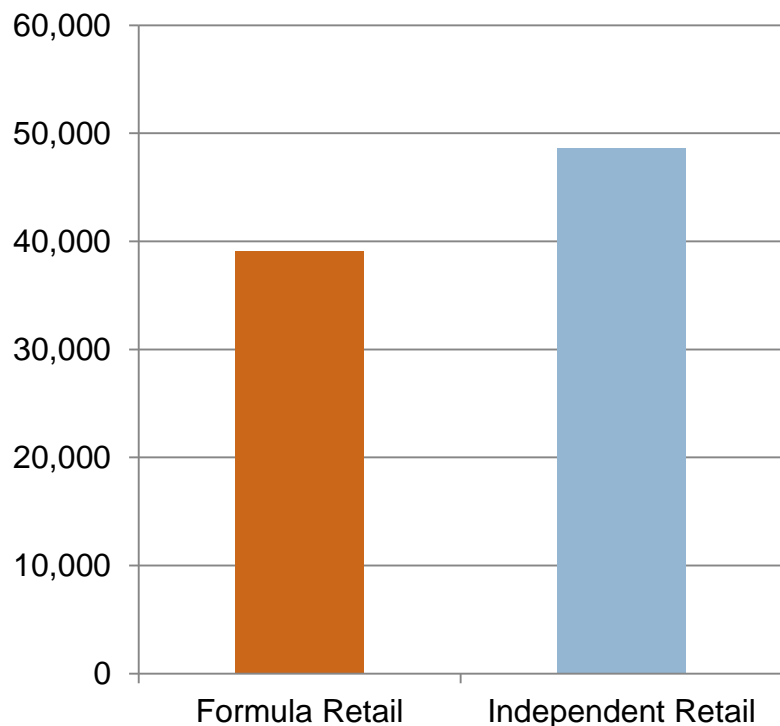
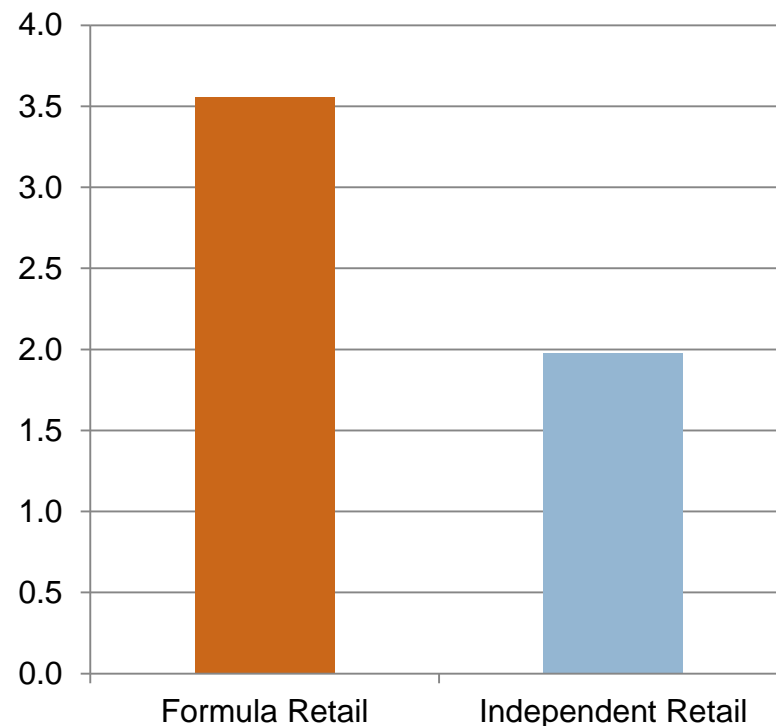
Existing Formula Retail Establishments per Square Mile



Formula Retail Establishments as a Percent of Total Retail Establishments



Employment in Formula and Independent Retail

Total Jobs**Average Jobs per 1,000 Sq. Ft.**

INTERIM DRAFT (1/17/2014)

Based on Dun & Bradstreet business data that have not been independently verified; all numbers are approximate.

Sources: Dun & Bradstreet, 2012; Strategic Economics, 2014.



Next Steps

Upcoming Analysis

- Issue briefs: In-depth analysis of 4 complex topic areas
 - Topics for Issue Briefs to be discussed today.
 - Presentation to the Commission on February 27th

- Phase 2: Neighborhood Case Studies
 - Assess relationship among formula retail, controls, and economic and neighborhood factors in 3 neighborhoods/commercial corridors
 - Refine citywide analysis of existing retail

Potential Issue Brief Topics

- Explore the potential effects of changes to “formula retail” definition;
- Focus on one specific store type (1 issue brief per type – e.g. restaurants, grocery, coffee, pharmacies, pet stores);
- Analysis of the Supervisorial Districts;
- Additional characterization of existing formula retail in San Francisco;
- Employment impacts of formula retail v. independent retail;
- Relationship between formula retail and local retail real estate market factors.
- New buildings and formula retail
- Threshold concentrations of formula retail
- Relationship between new formula retail and existing independent retail businesses
- Urban design impacts of formula v. independent retail

Next Steps: Formula Retail Study

Approximate Dates	Consultants	Planning Staff
PHASE I		
Jan-Feb	Conduct issue brief research	Today's Hearing
Feb	Present Issue Briefs to Commission	Commission 2/27
PHASE II		
Feb-March	Conduct neighborhood case studies; refine citywide and sub-district (?) analysis	
March	Discuss neighborhoods for further exploration	Commission 3/27
April	Present findings of study: including neigh. studies	Commission 4/24

Next Steps: Post-Study

At the conclusion of the study with the consultant, the Planning Department intends to make policy recommendations to the Planning Commission. These recommendations may be presented at the April 24 Commission hearing if action by the Board of Supervisors is imminent. If time allows, policy recommendations may follow at a hearing in May or later.



Thank you!